

Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

Paris, Wednesday, March 10, 1999

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No. 36,085

Holbrooke In Belgrade To Step Up Kosovo Deal

U.S. Applying Pressure On Serbs and Kosovars Amid Signs of Progress

By Joseph Fitchett
International Herald Tribune

LONDON — Richard Holbrooke, the U.S. negotiator on conflicts in the Balkans, arrived in Belgrade on Tuesday as the United States stepped up pressure on both the ethnic Albanians and the Serbs to sign a draft plan to achieve peace in embattled Kosovo.

"The Yugoslav position has been tough and uncompromising," Mr. Holbrooke said in Belgrade. "Meanwhile, there's fighting which concerns us greatly in parts of Kosovo."

Mr. Holbrooke stressed that he saw this as a time of great concern.

"We might be on a collision course here between Yugoslavia and the Western authorities, including NATO," he warned. "We come in peace but the threat of greater war is ever present."

Referring to plans for negotiators to gather in Paris and renew the recent inconclusive talks, he said:

"We are six days away from the resumption of the talks in France. We are only a few days away from a tragedy of even greater dimensions than what has occurred already."

"I look forward to talks with President Milosevic tomorrow to convey to him the great seriousness with which the United States government takes the situation, and to convey to him our view of the consequences of the situation if it does not improve dramatically before and during the talks in Paris."

Mr. Holbrooke's mission will be to restore the credibility of the threats by the North Atlantic Treaty Organization to use air raids, if necessary, to achieve Serbian acceptance of the peace terms for Kosovo, according to policymakers. "The objective is to get a deal down so that the negotiations do not get bogged down and risk derailing the process," an official said.

Both President Milosevic and extremists among the ethnic Albanians can expect Western pressure for them to compromise if the new round of talks drags on in open-ended negotiations.

Mr. Holbrooke's diplomacy, backed by air strikes, forced Mr. Milosevic to sign the Dayton accords on Bosnia, ending the long Muslim, Serbian and Croatian civil war.

This time, he will start bargaining without the trump card of unquestioned NATO determination to bomb Serbian military targets if the deadlock persists. Politically, NATO needs the ethnic Albanians' signature to the peace plan on the West can, if it chooses, single out Mr. Milosevic as the obstacle to peace, a U.S. policymaker said.

That acceptance was reportedly promised tentatively to Washington last week by the ethnic Albanians. Hopes that formal approval would soon follow were voiced by officials in London to take part in a NATO conference organized by the Royal United Services Institute.

"We need acceptance from the Kosovars — clear and unconditional — as

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President Scalfaro and President Khatami inspecting a guard of honor in Rome on Tuesday.

RJR Nabisco to Split Up Company

International Cigarettes Unit Sold to Japan Tobacco for \$8 Billion

By Mitchell Martin
International Herald Tribune

NEW YORK — Bowing to investor pressure after years of mediocre returns, RJR Nabisco Holdings Corp. said Tuesday that it planned to divest its tobacco holdings, spinning off its U.S. operations to shareholders and selling its international business to Japan Tobacco Inc. for \$8 billion.

The actions would bring to an end the 14-year amalgamation of two of America's best-known sellers of branded consumer products. The moves also mark the beginning of a new chapter for a

company that has gone through a series of corporate battles, the most famous of which was chronicled in the book and movie "Barbarians at the Gate."

R.J. Reynolds Tobacco Co. bought Nabisco Brands for \$4.9 billion in 1985, part of an expansion into the food industry that began in the 1960s with the purchase of such companies as Del Monte. That brought together Reynolds cigarette names such as Camel and Winston with Nabisco's Oreo and Animal Crackers cookies.

But the stock market never put as high a value on the merged companies as management thought they deserved,

and in 1988 RJR Nabisco's chief executive, Ross Johnson, and other managers tried to take the company private in a leveraged buyout. Their \$17 billion offer was eventually topped by a \$25 billion bid from Kohlberg, Kravis, Roberts & Co. in what was then the largest acquisition of all time and was immortalized in the book and movie that was emblematic of the debt-driven buyout binge of the late 1980s.

In 1991, RJR Nabisco went public again, but its stock languished below \$30 a share, about half the price at which

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Sony, in a Giant Overhaul, Sets Sights on Networking

By Stephanie Strom
New York Times Service

TOKYO — Sony Corp. announced a sweeping corporate overhaul Tuesday aimed at decisively changing the company's identity from a manufacturer of consumer electronics to a provider of digital network services.

The plan will eliminate 10 percent of Sony's work force, or about 17,000

jobs, and close 15 manufacturing plants around the world. "This is not just a change in our organization but in the whole Sony group," said Norio Ohga, Sony's chairman.

Sony plans to eliminate the jobs through attrition and a hiring freeze, and close the 15 plants by the end of March 2003. Sony will also reabsorb three pub-

licly traded companies — Sony Music Entertainment Inc., Sony Chemicals Corp. and Sony Precision Technology Inc. — in which it holds majority stakes, and reduce the number of internal group companies from 10 to 3.

Nobuyuki Idei, Sony's president, said these steps would help to restore the company's profitability, which has been battered by the global economic slump. He stressed that a change in focus was also needed.

Mr. Idei said Sony's new focus would be the network business: essentially the business of linking consumers to a variety of services either through their computers or their televisions. "We have to make it possible for Sony's customers to directly link themselves with our products and services and for Sony to distribute its movies, music, games and personal finance tools and services directly to its customers," he said.

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For Australia, Timor Is a Delicate Issue

Postindependence Unrest Could Impose a Difficult Peacekeeping Burden

By Michael Richardson
International Herald Tribune

SYDNEY — As Indonesia and Portugal prepare to resume talks Wednesday on an Indonesian offer of autonomy for East Timor that is likely to be rejected by the Timorese, Australia is trying to ensure that any transition to independence is gradual, peaceful and does not poison its sensitive relations with Indonesia.

As the closest neighbor of East Timor, a former Portuguese colony invaded by Indonesian forces in 1975 and annexed in 1976, Australia has key interests at stake in the future of the disputed territory, officials and analysts say. The Australian government fears that

East Timor could erupt in civil strife if Indonesia pulls out too quickly. The threat of refugees flooding into northern Australia, only 500 kilometers (about 300 miles) away, is putting pressure on Canberra to act as a peacekeeper in a conflict, which might mean putting substantial numbers of Australian troops at risk overseas for the first time since the Vietnam War, in which Australia was an ally of the United States.

Australia is facing enormous expectations that it will play the leading role in taking the East Timorese issue off Indonesia's hands, the Australian Financial Review said recently. "This

could make the issue Canberra's most difficult foreign policy dilemma since the Vietnam War," Richard Woolcott, a former Australian ambassador to Indonesia, said that East Timor would be a fragile state that could require outside aid of 100 million Australian dollars (\$62 million) a year.

"Now that early independence is on the table, and fears of ethnic and religious tensions and payback killings are rife in East Timor in the knowledge that the likely outcome will be independence, Australia has a moral ob-

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Chinese-American Arms Designer Fired in U.S. Spy Investigation

By Walter Pincus
Washington Post Service

WASHINGTON — Moving to contain a national security controversy, the Clinton administration has dismissed a Chinese-American weapons designer who was under suspicion of handing nuclear secrets to China in the late 1980s.

The U.S. energy secretary, Bill Richardson, dismissed the Los Alamos National Laboratory weapons designer, Wen Ho Lee, on Monday after the scientist failed a polygraph test conducted by the Federal Bureau of Investigation last month and

refused to cooperate with a bureau investigation into how the Chinese may have gained information 10 years ago about the W-88 warhead, then the U.S. Navy's newest strategic warhead and now

Dual-use technologies show difficulties of balancing trade and security. Page 4.

carried by the submarine-launched Trident-2 missile.

Mr. Richardson announced the dismissal as complaints arose from key Republicans in Congress that the Clinton administration has been slow

to investigate and act on allegations that nuclear secrets have leaked to China from Energy Department weapons laboratories.

[Vice President Al Gore on Tuesday blamed China's possible theft of American nuclear secrets on a "previous administration" and said President Bill Clinton had acted to fix an "inherited" problem, Reuters reported from Washington.

[For its part, China on Tuesday again denied reports that it stole U.S. nuclear know-how, denouncing such allegations as unfounded and based on "ulterior motives." The Associated Press reported from Beijing.

[A Foreign Ministry spokesman said such al-

legations demonstrate that "some people" want to hamper improvements in U.S.-China ties and disrupt "the normal export by the U.S. of some high-tech products to China."]

Speaking Tuesday on an NBC News program, Mr. Richardson defended the continued employment of Mr. Lee at the Los Alamos laboratories in New Mexico until Monday, saying that "we needed to keep him on to develop a case."

He added that after two years of FBI investigation of Mr. Lee "we still don't have a law enforcement case." But the investigation, he said,

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Khatami in Italy To Break Isolation

His Visit to West Europe Is First By an Iranian Leader Since '79

By Alessandra Stanley
New York Times Service

ROME — Seeking to break his country's isolation, President Mohammad Khatami of Iran arrived in Italy on Tuesday for a three-day visit. He is the first Iranian leader to visit Western Europe since the Islamic Revolution toppled the Shah in 1979.

Iran's faltering economy badly needs foreign investment and Mr. Khatami was believed to be seeking to improve his regime's credibility and to obtain trade and loans. The United States, which still views Iran as a state that supports terrorism, has sought to encourage signs of reform, but it has not lifted its trade embargo. Europe has proven far less diffident.

Italy, which has taken the lead among its partners in seeking economic and political reconciliation with Tehran, welcomed Mr. Khatami with tight security and full honors.

Mr. Khatami was greeted at the airport by Foreign Minister Lamberto Dini, who orchestrated the visit. The Iranian leader, a Shiite cleric, was expected to meet Thursday with Pope John Paul II, in a historic audience that the Vatican welcomes as a chance to improve relations between the Roman Catholic Church and Islam.

After meeting President Luigi Scalfaro of Italy, Mr. Khatami said: "As you know, each visit is a means of friendship which is very important to our country."

For the Italian government, diplomacy is tightly entwined with economic interests. The visit comes only a week after the Italian energy group ENI and the French oil company Elf-Aquitaine signed a \$1 billion contract to develop the Dorood oil field in Iran, which is expected to raise the field's production of crude oil to 220,000 barrels a day. Washington has repeatedly expressed dismay over that deal.

But Italian officials say they think

their overtures to Mr. Khatami, whom they view as a moderate intent on modernizing Iranian society and loosening the grip of its fundamentalist clergy, are also of benefit to the United States.

Mr. Dini said: "I am not convinced that the United States does not view with favor our initiative toward Iran." Mr. Dini, who accompanied Prime Minister Massimo D'Alema on his visit to the White House last week, said that President Bill Clinton and other U.S. officials had expressed great interest in Italy's effort to support what he described as Mr. Khatami's new course.

He said the United States was not pleased by the recent oil contract, but that he did not expect the U.S. to seek to block it or sanction France or Italy. "They do not like it, but at the same time they are tolerating it," he told Italian radio.

A 1996 law requires the U.S. administration to impose sanctions on companies or foreign countries that invest more than \$20 million in Iran's energy sector. Last May, the United States established a policy whereby it could waive those sanctions in certain cases, and it recently granted a waiver to the French company Total, which signed a \$2 billion deal to develop an Iranian gas field in 1997.

The United States has stressed the proliferation of nuclear weapons and human rights violations in Iran, and the Italian government said Tuesday it would do the same. Mr. Dini said: "Italy, of course, will be very careful to condemn abuses of human rights and democracy in Iran, as well as any sign of acquiring or spreading weapons of mass destruction."

But he added that it was in everyone's interest to support modernization in Iran.

"Iran is a big country and its democracy and stability is important to the entire Middle East," he said. "I think that through openness and dialogue there is everything to gain and nothing to lose."

Mr. Khatami, who was elected 21

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AGENDA

BNP Offers to Buy Two French Rivals

PARIS (Reuters) — Banque Nationale de Paris SA has offered to buy Paribas and Societe Generale, which are currently in the process of merging. French market regulators said Tuesday.

The regulator, CMF, said BNP had offered to buy all outstanding shares of both banks. BNP is offering 11 of its shares for every eight Paribas shares and 15 BNP shares for every seven Societe Generale shares, the market regulator said.

Societe Generale and Paribas surprised financial markets in early February by announcing a 15.1 billion euro (\$16.45 billion) combination that would create France's largest bank and fuel the global trend toward fewer but larger, financial institutions.

The Dollar		
New York	Tuesday 4 P.M.	previous close
Euro	1.0894	1.0885
Pound	1.619	1.608
Yen	121.015	121.585
DM	1.7964	1.7969
FF	6.0249	6.0265

The Dow		
	Tuesday close	percent change
— 33.85	9,693.76	— 0.36%
— 2.88	1,279.87	— 0.22%
— 4.68	2,392.94	— 0.20%

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The Intermarket	Pages 12, 20.
The IHT on-line	www.ihf.com

Blood Trial Acquits Paris Ex-Leader

By Craig R. Whitney
New York Times Service

PARIS — A former French prime minister and a member of his cabinet were acquitted Tuesday of criminal negligence and manslaughter. They had been charged after the deaths of hundreds of people who contracted AIDS in the mid-1980s from transfusions of blood infected with the virus.

A specially convened jury of legislators and professional judges cleared former Prime Minister Laurent Fabius, now speaker of the National Assembly, and Georges Dufour, who was minister of social affairs in the government he headed from 1984 to 1986, of all charges of criminal responsibility for loss of life caused by negligence in the state-supervised national health system.

Edmond Herve, who was health minister under Mrs. Dufour, was convicted of two cases of negligence. The Court of Justice of the Republic ruled that he should have ordered untreated blood supplies destroyed as soon as the risk of their being contaminated with the virus was known.

But the court, convened for the first time in the 40-year history of the Fifth Republic, imposed no sentence on Mr. Herve. It could have given him up to five years, but it ruled that the protracted scandal had deprived him of the right to presumption of innocence.

Mr. Herve, 56, said of the court after the verdict: "It didn't have the courage to find me fully innocent, nor did it have the courage to convict me really."

That there had been state negligence in screening blood supplies was never in dispute in the 14 years that it has taken for France to face the question of whether elected high officials should bear more than political responsibility for

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Newstand Prices	
Andorra	10.00 FF Lebanon
Antilles	12.50 FF Morocco
Cameroon	1.600 CFA Gabon
Egypt	5.50 FF Saudi Arabia
France	10.00 FF Senegal
Gabon	1.100 CFA Spain
Italy	3.000 Lire Tunisia
Ivory Coast	1.250 CFA U.A.E.
Jordan	1.250 JD U.A.E.
Kuwait	700 FF U.S. M.L. (Eur.)



THE AMERICAS

Starr Office Comes Under Attack on Multiple Fronts

By Roberto Suro
Washington Post Service

WASHINGTON — The Justice Department has asserted its power to investigate alleged misconduct by the independent counsel Kenneth Starr, while President Bill Clinton's former business partner, Susan McDougal, has vowed an "all-out fight" against the alleged excesses of Mr. Starr's office as her latest trial began.

Less than a month after the Senate acquitted Mr. Clinton on perjury and obstruction of justice charges referred by Mr. Starr, the independent counsel finds himself under attack on multiple fronts.

The Justice Department has advised Mr. Starr of its intent to investigate his handling of the Monica Lewinsky matter, and, in papers filed Monday with the court that oversees independent counsels, the department argued the court has no power to block the disciplinary inquiry.

In his own filing, Mr. Starr urged the court not to heed a conservative legal group seeking an order to block the department from investigating him. But Mr. Starr left open the possibility of mounting his own challenge if the Justice Department decides to proceed with an ethics investigation of his conduct.

The department is weighing allegations that Mr. Starr's prosecutors misled top officials when they sought approval to investigate the Lewinsky matter and violated department guidelines when they confronted Ms. Lewinsky without her lawyer last year.

Mrs. McDougal is seeking to raise similar claims of prosecutorial misconduct in her trial in Little Rock, Arkansas, where jury selection began Monday.

As she entered the courthouse, Mrs. McDougal accused Mr. Starr's prosecutors of engaging in a "personal vendetta" to force her to testify against Mr. Clinton, her former

partner in the ill-fated Whitewater real estate investment.

Mrs. McDougal has served 18 months for civil contempt for refusing to answer questions about Mr. Clinton's involvement in Whitewater and now is being tried on criminal contempt and obstruction of justice charges that carry the possibility of 10 years in prison.

"I fully intend to put Kenneth W. Starr on trial," said Mark Geragos, Mrs. McDougal's lawyer in the Arkansas trial.

The threat of turning the tables on Mr. Starr became much more serious last Friday when a U.S. District judge, George Howard Jr., ruled that he would consider allowing Mr. Geragos to present evidence of "prosecutorial misconduct or outrageous government conduct."

"We're hoping the jury will try the case on legal issues, not extraneous matters," W. Hickman Ewing Jr., Mr. Starr's deputy in Little Rock, told reporters Monday.

Mrs. McDougal has claimed that the independent counsel threatens and punishes witnesses who refuse to help him attack Mr. Clinton.

Mr. Geragos said that this pattern was evident in Mr. Starr's treatment of Ms. Lewinsky, who, he said, escaped Mr. Starr's wrath only by agreeing to testify for him. Mr. Geragos has suggested he might subpoena Ms. Lewinsky to testify in the Little Rock trial.

The only figure indicted by Mr. Starr in the Lewinsky probe, Julie Hiest Steele, is mounting a similar attack. Ms. Steele is accused of lying to the grand jury about whether her former friend, Kathleen Willey, told her of an alleged sexual advance by Mr. Clinton.

Ms. Steele's lawyer, Nancy Luque, has argued for dismissal of the indictment, saying in court papers that "it is irreversibly tainted by the ethical violations of the Office of Independent Counsel constituting prosecutorial misconduct."

Mr. Starr's prosecutors have brushed aside the allegations. "We know in any high-profile case, it is a normal thing where the prosecutor is attacked," Mr. Ewing said.

The Landmark Legal Foundation, a conservative advocacy group, had earlier asked the court to prohibit the investigation of the independent counsel, arguing that such an inquiry would infringe on the independence that is the reason for appointing an outsider like Mr. Starr to examine allegations against a president.

Mr. Starr asked the judges to dispose of the matter simply by finding that the foundation lacks the legal standing to enter into the matter.

The Justice Department also asked the judges to reject the foundation's request, claiming that the law creating the independent counsel process and a Supreme Court ruling upholding it gives the judges limited roles that do not include interfering with an attorney general investigating possible misconduct.

POLITICAL NOTES

Verdict by Lewinsky's Father: Clinton 'Totally Irresponsible'

WASHINGTON — Monica Lewinsky's father accused President Bill Clinton on Tuesday of being "totally irresponsible" for having an affair with his daughter and said that his actions caused "unconscionable" pain to his family.

"It takes two to tango," Bernard Lewinsky said. "However, he was the president, he was over twice her age, just a few years younger than I am, and for him to get involved with someone like my daughter I consider totally irresponsible for him in his position and for him as a man."

He appeared on NBC's "Today" show in his first television interview in a year. On the "Today" show in March 1998, Mr. Lewinsky said he did not want to know if his daughter had an affair with the president and would not "invade her privacy" by asking. "As far as I'm concerned it did not happen," he said Tuesday that when he finally learned the affair had occurred, his reaction was one of disgust.

(Reuters)

Senators Probe Sweepstakes

WASHINGTON — The companies that mail sweepstakes contests to millions told disbelieving senators Tuesday that the vast majority of Americans understand they do not have to order anything to win.

Members of a Senate panel reacted to the testimony with anger, reading sweepstakes industry witnesses their own mailings with headlines such as "Open your door to \$31 million on Jan. 31" and "It's down to a two-person race for \$11 million."

Representatives of Publishers Clearing House, Reader's Digest, American Family Enterprises and Time Inc. defended their practices, contending they had voluntarily changed their mailings and were making efforts to identify those who do not understand the rules.

(AP)

Quote/Unquote

Norm Ornstein, a political scholar at the American Enterprise Institute, on the presidential aspirations of Elizabeth Dole: "Elizabeth Dole has helped change the perception of women. She's an experienced, competent woman who performs in the lion's den. Do I believe her running has caused a sea change in the culture? No. But it's another significant incremental change."

(AP)

Away From Politics

Ice and snow made driving hazardous and closed schools from the Great Lakes south to Georgia, and canceled flights stranded some air travelers. More than 12 inches (30 centimeters) of snow had fallen on Minnesota and Iowa.

(AP)

The last 12 members of a Pakistani cargo ship stranded for nearly a year since its owner went bankrupt were finally being brought ashore Tuesday at Port Isabel, Texas. Captain Maqsood Ahmed and 11 crew members of the Delta Pride were rescued by new owners who plan to sell the ship for scrap.

(AP)

Barbie turned 40 Tuesday and shows no signs of slowing down. In addition to a 40th anniversary doll, Mattel Inc. plans to release a Butterfly Art Barbie, with a butterfly tattoo on her stomach, and Working Woman Barbie, who comes with a play laptop.

(AP)

NASA lost its struggle to save a malfunctioning \$80 million satellite after the errant spacecraft leaked so much coolant that it could not carry out its astronomy mission, officials said.

(LAT)

Alexander Just Keeps on Running

By Dan Balz
Washington Post Service

NASHVILLE, Tennessee — Four years ago, former Governor Lamar Alexander of Tennessee put on a plaid shirt, declared his candidacy for president and was barely heard from again.

Or so it might have seemed to many Americans.

Mr. Alexander has a different view of what happened, one that has buoyed him through moments of discouragement and frustration these last few years, and that persuaded him to keep running.

As he sees it, he came within a whisker of taking the nomination, and would have made President Bill Clinton nervous at the prospect of a Clinton-Alexander match-up. This is how he explains it:

"I came within 3,800 votes of beating Bob Dole in New Hampshire," he said recently at his small Nashville office. "If I'd beaten him there, he would have dropped out. It would have been Alexander vs. Buchanan, and I think I would have won that."

He was referring to Pat Buchanan, the television commentator who was also seeking the Republican nomination.

And, Mr. Alexander said, a former Clinton strategist viewed

him as a serious challenger to the president.

"Dick Morris's book said I was the one Republican other than Colin Powell that Clinton and Gore didn't want to run against," he said. "I persuaded the Democrats of that, but not the Republicans. So I think I did well."

On Tuesday, Mr. Alexander, 58, officially started again, this time without the trademark plaid shirt — he wore a suit and tie — but lacking none of the determination that has made him a perpetual-motion machine in pursuit of the White House for the past six years.

"I will be a president on the side of parents raising children," Mr. Alexander declared at the state capitol.

"As president, I would lead a movement state by state to transform our public schools," he told about 200 supporters. "Our schools can be the best in the world. What is missing is the political will to put practical reforms in place."

Mr. Alexander has been a successful and popular two-term governor from 1978 to 1987, a university president and education secretary in the Bush administration, and has the experience from having been around the track once as a presidential candidate.

Yet, he begins his second cam-

paign in virtually the same place he was four years ago — low in the polls and overshadowed by more glamorous candidates, this time Governor George Bush of Texas and Mr. Dole's wife, Elizabeth Hanford Dole.

He is not intimidated. "There are a lot of people who talk about running for president," he said. "The media gets interested in people they already know. The race starts in Iowa. There are 2,500 meetings that night. Your goal is to get 35,000 people to those meetings. I've got a year to do it."

"I can't worry about these other candidates," he added.

Mr. Alexander's message is that he is the one Republican candidate who could improve schools while also cut taxes, save Social Security, bolster defense and restore luster to a White House tarnished by the sexual escapades of President Bill Clinton.

On Tuesday, he promised to be a leader "who respects the office and those who put him in office." The veiled rebuke of President Clinton was coupled with a plea to Republican primary voters: "Don't limit your options to Governor Bush and Mrs. Dole."

"This time the race is wide open," he said. "There is no one whose 'turn' it is."



Lamar Alexander, seeking the Republican nomination again.

Running for president is a grueling, costly, lonely, often humiliating and sometimes exhilarating process.

Mostly it is a mystery — a mystery of what propels people often against great odds to keep going.

"There are moments when he gets discouraged," said Tom Rath of New Hampshire, a member of the Republican National Committee and an adviser to Mr. Alexander. "But he's been through this. He saw this in '95."

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# Italy (CC) ♦	172-1022	To call using CWC ■	0500-99-0222

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ASIA/PACIFIC

China Case Shows U.S. Struggle to Balance High-Tech Trade and Security

By Michael Loris
Washington Post Service

BEIJING — The American-made supercomputer that crowds Liu Zhi's office at the Institute of Geology is bigger than a midsize van and cost more than \$300,000. It sits under a large blue tarp, obsolete and unused.

Last year, the institute bought a new computer made by Sun Microsystems Inc., based in Palo Alto, California, that is 562 times faster, cost just \$20,000 and is the size of a desktop unit. Mr. Liu linked it to the Internet, and now scholars can perform complex calculations that were previously unthinkable.

The two computers, sitting in the same room at the institute, are monuments to the benefits that both China and U.S. high-tech companies have reaped from the brisk trade in American know-how.

The computers also underscore the complexities of a U.S. policy that, in fits and starts, has attempted to prevent China from acquiring advanced U.S. technology that can be used for military purposes.

Computers like the Sun machine bought by the geology institute are powerful enough to be used in designing nuclear weapons, yet it is legal under U.S. law to sell them to China.

Such a sale would be illegal if it were for Chinese military use. Mr. Liu, an engineer who runs the institute's network, was once a communications officer in the Chinese Army — an illustration of the often blurred lines between the Chinese civilian and military sectors.

Moreover, while the U.S. Commerce Department has the right to monitor the use of major U.S.-built computers in China, there is only one person assigned to the U.S. Embassy in Beijing to perform this enormous task. And if American computers are being used for illegal purposes from a remote location, there is almost no way he can discover that.

Recent disclosures of Chinese government efforts to buy dual-use technology from the United States and steal U.S. weapons secrets have sparked a passionate, sometimes ugly, debate in Washington and Beijing.

On one hand, U.S. businesses and a number of government officials worry that such revelations could disrupt one of the most successful sectors of the U.S. economy. On the other hand, some officials worry that sales of American high-performance computers to China and other countries could erode the ability of the U.S. military to maintain its lead in high-tech weaponry.

"We have here the beginning of a debate we should have had a long time ago," said Bates

Gill, director of the Center for Northeast Asian Policy Studies at the Brookings Institution. "In the post-Cold War era, in a globalized, international environment, how do we strike the right balance between high-tech trade and national security?"

A U.S. House of Representatives committee

U.S. computer companies do more than half their business overseas.

chaired by Representative Christopher Cox, Republican of California, has documented examples of illegal transfers of sophisticated U.S. equipment to China and of espionage by Chinese agents. Mr. Cox has called for tighter controls on satellite and missile technology, improved security at U.S. nuclear laboratories and greater restrictions on sales of high-speed computers to China.

But U.S. computer firm executives say exponential increases in computer performance have made the existing rules an unacceptable burden. They warn that if current regulations are not loosened within the next few months, 90 percent of their business in China, the fastest growing market for computers in the world, would be affected adversely. More restrictions,

they say, would create commercial chaos because of the enormous bureaucracy that would be needed to enforce new trade curbs.

U.S. law currently requires American companies to obtain permission from the government before they can export computers that run at speeds above 2,000 MTOPS, or millions of theoretical operations per second, the industry speedometer. The rules are intended to prevent foreign nuclear-weapons designers from acquiring powerful computers, and the United States applies them to 50 countries viewed as proliferation risks, including Russia and Israel. China is an important case because of the massive size of its market and U.S. concerns about China's rise on the world stage and its military intentions.

Over the past 13 months, the U.S. government received 512 requests to export high performance computers to China, 70 of which were denied, according to the Commerce Department. Several of the denials were reversed on appeal. The actual number of shipments to China was substantially lower because some deals fell through, bringing the total number of deliveries last year to 191.

The U.S. government has concentrated its efforts on controlling exports of the 500 fastest American-made computers — supercomputers that cost tens of millions of dollars each. These

are the kinds of machines that the Department of Energy uses to manage the U.S. nuclear arsenal and that could pose the greatest danger in foreign hands, said William Reinsch, the U.S. undersecretary of commerce for export administration and an outspoken advocate of increased high-technology sales abroad.

"The problem is, No. 500 keeps going up in capability," Mr. Reinsch said, adding that the calculating speed of the slowest of the 500 fastest machines will nearly double this year from 11,000 to 20,000 MTOPS.

"When the high end is going up that rapidly, you have to make adjustments to continue your ability to do that," he said. "Otherwise, what we are doing is controlling low-end PCs."

Indeed, by the end of the year, most personal computers sold to China will have speeds above the government threshold and will require permits, according to industry estimates.

U.S. computer companies do more than half their business overseas, and their officials argue that even if U.S. trade rules were tightened, transshipments of U.S. products would still flow easily into China from traders around the globe. In addition, they say, there is no binding international agreement to prevent other countries from selling their powerful computers to China if U.S. companies are prohibited from doing so.

Perry Canvasses Seoul On North Korea Policy

Agence France-Press

SEOUL — William Perry, the U.S. policy coordinator on North Korea, left South Korea on Tuesday after agreeing with top Seoul officials that a "comprehensive approach" was needed in dealing with North Korea's nuclear and missile threat.

He headed for Japan for further talks over how much leeway Washington and its regional allies should give Pyongyang if it rejects their campaign of peaceful engagement and resorts to provocation.

But it was not immediately known if Mr. Perry's visit to Seoul helped narrow a potentially divisive policy rift between the two allies on how to handle the Stalinist state.

"There were no surprises," said a senior official, who requested anonymity, following a meeting between Mr. Perry and President Kim Dae Jung.

"But it is unlikely that any of the

differences in our policies on how to deal with North Korea were significantly cleared," he added.

He and other officials said that although Washington basically supported Seoul's drive to engage the North economically rather than to confront it, the two differed on how to cope with its weapons threat.

He said the differences between the allies lay in where to draw a "red line" over which Pyongyang must not step to avoid a confrontation that could force Seoul and Washington to abandon engagement in favor of tougher action.

Mr. Perry is on a regional tour for consultations.

By the end of the month, he is to recommend to President Bill Clinton a blueprint for future U.S. policy toward North Korea.

A South Korean government statement said that the two sides had agreed that a "comprehensive approach" was needed to address those problems caused by North Korea's nuclear and missile programs.

While it said such an approach would "be based on South Korea's policy of engagement with North Korea," the statement did not specify whether the two sides backed President Kim's proposal for a "package deal" with Pyongyang.

Japan's First-Strike Right

Japan said Tuesday that it has the right — at least theoretically — to carry out preemptive strikes against countries that pose a military threat, Reuters reported from Tokyo.

Akitaka Saiki, deputy press secretary for Prime Minister Keizo Obuchi, said, "I think it was already clarified many years ago in Parliament that, theoretically, self-defense could include preemptive attacks on the territory of a nation which is contemplating a military attack on Japan."

Mindful of potential missile threats from North Korea, the defense chief, Hosenori, told Parliament last Wednesday that Tokyo could launch preemptive strikes against missile-launching bases in other countries.

"It is legally possible for Japan to exercise the right for self-defense and attack bases of an enemy even when Japan has not yet suffered any realistic damage," he said.

Politicians and defense officials have been locked in heated debates on ways to defend Japan since North Korea launched a three-stage Taepo Dong rocket. The August test sent the rocket over Japan before it landed in the Pacific.

A Chinese Foreign Ministry spokesman, Zhu Bangzao, said Monday that Japanese consideration of preemptive strikes would only lead to new confrontations and tensions in the region and be quite disturbing for Japan's neighbors.



TIMOR: Australia Weighs Role

Continued from Page 1

ligation to help, however unstable and dangerous the situation may become," he said.

East Timorese independence leaders want Australia to do more to get the United Nations involved in the territory in place of the widely hated and feared Indonesian military.

Following a meeting in Canberra on Monday with Foreign Minister Alexander Downer, Jose Ramos Horta, the East Timorese Nobel peace laureate, said there would be no peace or reconciliation in the territory while Indonesia's shadowy army intelligence network remained active there.

Also backing this view, Amnesty International said in a report Tuesday that there had been an increase in the activities of pro-Indonesian paramilitary units in East Timor backed by the Indonesian Army in recent months as tension grew between independence groups and those who favor Jakarta's rule.

This followed a sudden move by President B.J. Habibie in January to end 23 years of resolute Indonesian opposition to independence when he offered East Timor the choice between wide-ranging autonomy or separation from Indonesia.

In a letter dated March 4 to Laurie Brereton, a foreign affairs spokesman for Australia's Labor opposition, Xanana Gusmao, an East Timorese independence leader who is playing an increasingly influential role in negotiations over the future of the territory even though he remains under house arrest in Jakarta, called for a UN "peace mission" to be sent to East Timor immediately.

He said that the mission should include police and a "small military contingent," adding that it was needed urgently to encourage reconciliation talks between rival factions in the territory, create a conducive climate for consultations on Indonesia's autonomy proposal, disarm combatants, and monitor the withdrawal of the Indonesian military.

But Australia remains wary of any talk of a UN peacekeeping role in East Timor at this stage, although it supports an international civilian and police presence.

After talks with Indonesian officials recently, Mr. Downer said he expressed the hope that any transition in East Timor could avoid the need for UN or other peacekeeping forces.

"The responsibility for managing the transition process and maintaining order in East Timor lies with the parties involved, not with Australia or the international community," he said. "We have committed ourselves to assisting Indonesia and the East Timorese where possible, including through considering future levels of development assistance."

Fears Mount In East Timor

Indonesian teachers crying as they listened to stories of intimidation by native East Timorese during a meeting at the Education Ministry office in the provincial capital, Dili. About 500 teachers gathered to demand relocation from East Timor as confrontations between pro and anti-independence groups increased, prompted by Indonesia's recent offer to grant the province autonomy.

First Charges Laid Against Khmer Chief

By Seth Mydans
New York Times Service

BANGKOK — The Khmer Rouge commander Ta Mok will be charged under a 1994 law that bans membership in the brutal Communist group and may also face charges of genocide, a Cambodian prosecutor said Tuesday.

The prosecutor said Mr. Ta Mok, 72, who is implicated in the deaths of more than a million people when the Khmer Rouge held power from 1975 to 1979, had refused to answer questions until he is provided a lawyer.

He was arrested Saturday and is the first Khmer Rouge leader to face legal proceedings.

Three other top figures have been allowed to "defect" to the government since mid-1996 and have been living freely in Cambodia along with scores of second-level leaders.

The charges against Mr. Ta Mok intensify the debate over the status of these other leaders, and Cambodian officials have made contradictory statements this week over whether they too might face charges.

The prosecutor, General Sao Sok, said Mr. Ta Mok would be tried in Cambodia but that it was unclear whether he would be tried by a civilian or military court.

A team of three international lawyers has recommended to the UN that as many as 20 to 30 Khmer Rouge figures face charges in an international court. Most prominent among them, along with Mr. Ta Mok, are Ieng Sary, who surrendered in 1996, and two who surrendered in December, Khieu Samphan and Nuon Chea.

Prime Minister Hun Sen has appeared to leave his options open, both supporting an international tribunal and warning of its potentially destabilizing consequences.

In televised remarks Tuesday, he repeated an earlier assertion that he had given no guarantees of immunity to the surrenders or anyone else. "I could not even provide guarantees to my children and my wife that they are free from charges by the court," he said.

Stipulations on Aid

Resumption of U.S. aid to the Cambodian government could depend on whether Phnom Penh allows an international tribunal to prosecute Khmer Rouge leaders. The Associated Press reported Tuesday from Washington, quoting a senior Clinton administration official's testimony to lawmakers.

Minister Drafted Sex Crimes Letter, Anwar Court Is Told

Reuters

KUALA LUMPUR — A former aide to Anwar Ibrahim said Tuesday that a Malaysian government minister had written a letter that accused the then-finance minister of sex crimes and helped set the stage for his downfall.

Azmin Ali, Mr. Anwar's former private secretary, said his sister, Ummi Hafida Ali, told him last year that Domestic Trade Minister Megat Junid Megat Ayob had written the letter in 1997 accusing Mr. Anwar of adultery and sodomy, a crime in Malaysia.

"Ummi told me that the letter was drafted by Dato Megat Junid," Mr. Azmin told the capital's High Court.

Mr. Azmin also told the court that his sister had been paid money to participate in a conspiracy against Mr. Anwar.

But a prosecutor attacked the credibility of the defense witness, saying that he had received part of his income directly from Mr. Anwar.

The letter, at the heart of the trial, was signed by Miss Ummi and sent to Prime Minister Mahathir bin Mohamad in August 1997. One year later, Mr. Mahathir dismissed his heir-apparent, triggering unprecedented anti-government protests.

Mr. Azmin said he asked his sister last year why she had accused Mr. Anwar. At that point, Ummi answered that she was promised money and projects to fabricate evidence," he said.

The 1997 letter is crucial to government allegations that Mr. Anwar committed sex crimes and that he directed the police to force Miss Ummi and another accuser to retract their allegations.

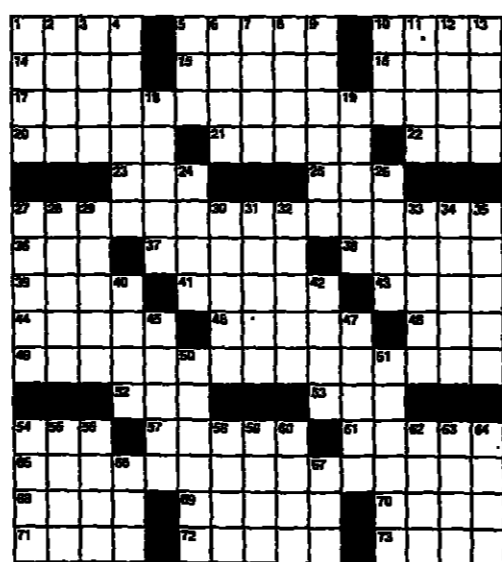
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BRIEFLY

China to Elevate Private Enterprise

BEIJING — China's Parliament heard a proposal Tuesday to provide some protection for private enterprise in the nation's constitution.

The wording changes in the constitution, while they do not give citizens the right to own property, are nevertheless viewed by reformers here as a step in the right direction. Expected to be approved next week by the rubber-stamp legislature, the amendments were written by senior leaders of the Communist Party.

An attempt to introduce the new language a year ago was scuttled, according to a source close to the legislature, because of disagreements among senior leaders.

Now, Article 11 of the constitution will state that the private sector is "an important component of China's socialist market economy" rather than "a complement to the socialist public economy."

A number of liberal officials and scholars argue that, while the constitutional changes are modest, they are an important symbol. "The main point is the door is open," said a pro-reform official. "It will open wider."

Hong Kong Official Faces Censure

HONG KONG — Justice Secretary Elsie Leung faces a no-confidence motion Wednesday in the legislature here over her handling of issues impinging on Hong Kong's judicial independence. The debate will mark the first time a top government official has faced a censure motion since Britain returned Hong Kong to China in July 1997.

Mrs. Leung's fairness has been called into question by legislators in recent months. Lee Cheuk-yan, of the Frontier political group, said, "We feel Mrs. Leung seems to pander to the mainland authorities."

The government of Tung Chee-hwa rallied behind Mrs. Leung on Tuesday. Stephen Lam, a spokesman for Mr. Tung, said: "The Hong Kong government continues to have confidence in the secretary for justice."

The censure motion will not cause Mrs. Leung's dismissal because the legislature is not empowered to dismiss senior government officials, who are appointed by Beijing on the recommendation of Mr. Tung. But it would, if passed, be widely seen as a slap at the government. (Reuters)

Japan Drops Fingerprinting Law

TOKYO — The Japanese cabinet approved on Tuesday a bill to scrap a 47-year-old law requiring most foreign residents to register their fingerprints with the government.

The new measure, which will now go to Parliament for approval, would require nonpermanent foreign residents over 16 and staying a year or more in Japan to register only a photo and signature with the government.

The law was amended in 1992 to no longer require the fingerprinting of permanent residents, whose number about 625,000, 80 percent of whom are Korean.

The fingerprinting of residents has faced opposition from some foreigners, who argue that the procedure is demeaning and is similar to the booking of criminal suspects. (AP)

Shots Disperse Indonesian Rioters

JAKARTA — Security personnel fired warning shots Tuesday to disperse groups of Muslims and Christians who were throwing stones at each other on the eastern Indonesian island of Ambon, the military and witnesses said.

An officer at the local military station said there were no reports of casualties in the clash in Air Salobar, a western neighborhood of Ambon city. (AP)

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INTERNATIONAL

In Honduras, Clinton Lauds New Role for U.S. Military

Compiled by Our Staff From Dispatches

SOTO CANO AIR BASE, Honduras — President Bill Clinton visited a military base Tuesday that was once used as a staging area for U.S. operations against the leftist insurgency in Central America and is now used to help rebuild the region after a devastating hurricane that struck the region last fall.

The president was on the second day of a four-day goodwill tour of the Central America nations hardest hit by the hurricane designated Mitch: Nicaragua, El Salvador, Honduras and Guatemala.

Hoping to shut the door on the dark side of U.S. military involvement in the region, Mr. Clinton saluted a new Central America and the new relief role for U.S. troops here. He drew whoops of delight from many of the 520 U.S. military and civilian personnel at the base when he said, "You have shown the people of Central America the true colors of our men and women in uniform."

The U.S. military established a semi-permanent military presence in 1984 at Soto Cano Air Base during the civil war that raged in Central America in the 1980s. In the aftermath of the hurricane last year, it has been used as a staging ground for the U.S. military to save lives as part of Joint Task Force Bravo.

Later Tuesday, Mr. Clinton visited the reconstruction site of the Juan Molina bridge, which spans the Choluteca River and links the Honduran capital, Tegucigalpa, with its sister city, Comayagua. It was swept away when the hurricane roared through last fall.

Emphasizing the positive on his four-day tour, Mr. Clinton outlined a stopgap \$25 million in U.S. aid to Honduras — the worst hit by last fall's storm — and made a detailed argument for the \$956 million aid package being held up in Congress. Republicans are demanding that Mr. Clinton offset the reconstruction aid through reductions in food stamps and welfare assistance.

"I believe the United States should do more" to help its neighbors, President Clinton said. "What happens to one in the Americas affects us all. It reminds us once again that in good times and bad, *todos somos americanos* — 'we are all Americans.'"

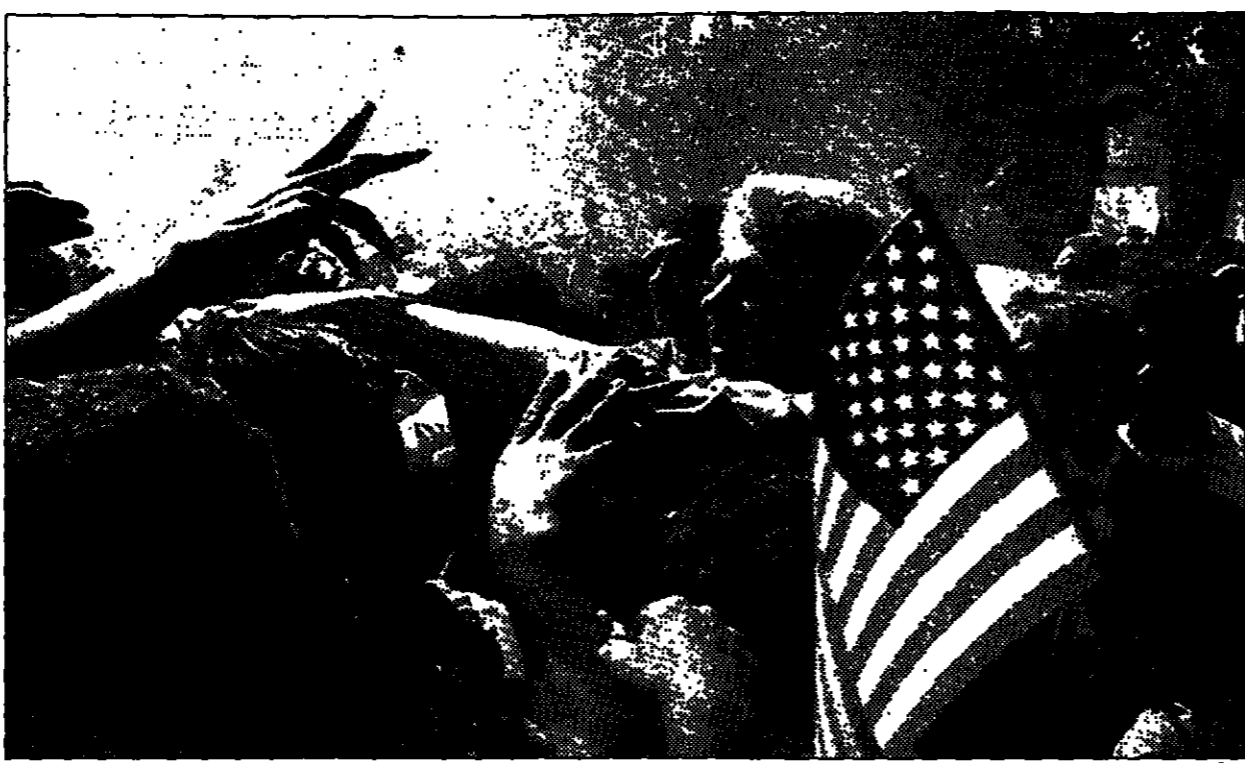
Mr. Clinton also said that work remained to undo the legacy of the 1980s, when the United States was perceived here as meddling — or worse.

"In times past, there was conflict, turbulence and distrust," he told Nicaraguans on Monday near the town of Posoltega, devastated by mud slides in the hurricane. "But now we are bound together in our common commitment to democracy."

On immigration, Mr. Clinton promised to seek "a fair solution" to problems exacerbated by the natural disaster. A temporary halt in deportations of Guatemalans and Salvadorans in the United States lapsed Monday.

Doris Meissner, director of the U.S. Immigration and Naturalization Service, said that deportations had not yet resumed but indicated that they would begin again toward the end of next week.

Mr. Clinton said resumption of deportations "shouldn't affect too many people in the early going" and questioned whether he had any legal authority to extend the halt. (AP, Reuters)



President Clinton greeting a crowd after speaking at a high school in Posoltega, Nicaragua.

U.S. Jets, Under Threat, Hit Several Iraqi Sites

Reuters

ANKARA — U.S. aircraft bombed Iraqi air defense sites in the northern no-flight zone on Tuesday after being tracked by Iraqi radar, officials at the jets' base in southern Turkey reported.

A spokesman said that F-15E fighter-bombers "acting in self-defense" had hit several anti-aircraft sites west and south of the city of Mosul.

Such strikes have become regular since Iraq decided in December to oppose U.S. and British jets patrolling the no-flight zones in the north and south of the country.

Jets flying from the Incirlik air base near Turkey's south coast struck Monday at other sites north of Mosul.

The Incirlik spokesman said GBU-12 laser-guided bombs had struck several anti-aircraft batteries in the latest attacks, which took place between 12:35 P.M. and 1 P.M.

All the U.S. aircraft safely left northern Iraqi skies, the spokesman said.

Similar strikes last week damaged a facility for a pipeline carrying crude oil from Iraq to the Turkish Mediterranean port of Ceyhan. Pumping of oil has resumed.

Iraq refuses to recognize the no-flight zones that were set up after the 1991 Gulf War to protect Kurds in the north and Shiites in the south.

The jets patrolling northern Iraq are keeping a watch over a Kurdish-held enclave in the mountains and a stretch of Baghdad-controlled territory below the plains.

The U.S. government says two months of retaliatory strikes in the zones have done more damage to the Iraqi defenses than the recent four days of intense attacks in the campaign called Desert Fox.

South Africa Party Seeks Peace Talks After Slayings

By Donald G. McNeil Jr.
New York Times Service

CAPE TOWN — Five local officials of the new United Democratic Movement political party have been killed in this area since Sunday, raising fears Tuesday that the political violence that swept the country before the 1994 elections may be repeated.

The head of the movement, Bantu Holomisa, is flying here Wednesday and asking for a peace conference of leaders of all political parties to defuse the situation before it gets worse.

The killings came six weeks after the movement's third-most prominent official, Sifiso Nkabinde, was slain in KwaZulu-Natal Province and a spate of revenge killings followed. Mr. Holomisa also flew there to call for peace.

Although neither side admits it, this is assumed to be a war between the movement and the ruling African National Congress. A spokesman for the local branch of the African National Congress said the party had "no objection in principle" to a Cape Town peace conference but said there might be difficulties convening one quickly.

He played down the notion of a countrywide war between the two parties, saying some of those killed also were involved in a local dispute over plans to seize some vacant land for housing.

After Mr. Nkabinde's assassination, African National Congress officials also suggested many nonpolitical reasons why he might have been killed, including his involvement in the local taxi industry.

Between 1990 and the 1994 elections, thousands of people died, most of them in KwaZulu-Natal and the Johannesburg area, in warfare between the African National Congress and the Zulu nation-

alist Inkatha Freedom Party, which got covert help from the South African police. In the past two years, the two parties had made some headway toward resolving their differences, but in recent weeks both sides have again accused each other of fomenting violence.

Bad blood had developed rapidly with the United Democratic Movement, which was founded last year jointly by Mr. Holomisa, who was ejected from the African National Congress for accusing party leaders of accepting bribes, and by Roelf Meyer, heir-apparent of the National Party who was ousted in an internal power struggle.

BRIEFLY

Argentines Saluted By Prince Charles

BUENOS AIRES — Prince Charles paid homage Tuesday to Argentine troops who died in the 1982 Falklands War and shook hands with survivors, who asked him to help them visit Argentine war graves on the disputed islands.

The heir to the British throne laid a wreath at the monument to Argentina's 652 war dead in central Buenos Aires, echoing a similar gesture of reconciliation by President Carlos Menem at St. Paul's Cathedral in London last year.

The prince began his three-day visit to Argentina, to be followed by stops in Uruguay and the Falklands, with a speech in which he expressed hope that his visit would "help at least in a modest way" to bring reconciliation.

(Reuters)

Viagra Approved For Use in Canada

TORONTO — Nearly a year after Viagra was authorized for use in the United States, Canadian health officials have approved the anti-impotence drug, its manufacturer said Tuesday.

"Today's the day," said Don Sanction, a spokesman for Pfizer Canada, referring to the long-awaited go-ahead from the federal Health Department.

Since Pfizer Inc. introduced Viagra in the United States in March 1998, more than 50 countries have approved its use.

In Canada, however, the Health Department review moved slowly, prompting thousands of men to purchase Viagra over the Internet or to drive across the border to get it at U.S. pharmacies. (AP)

Ethiopia Preparing Attack, Eritrea Says

ADDIS ABABA, Ethiopia — Ethiopia and Eritrea escalated their war of words Tuesday, with Asmara warning that Addis Ababa was preparing new offensives, but the 1,000-kilometer border was reportedly quiet for the second day running.

In Addis Ababa, Prime Minister Meles Zenawi of Ethiopia told African diplomats that Eritrean troops were "reinforcing their trenches and mobilizing additional troops" in contested areas.

In Asmara, Yemane Ghebremeskel, the presidential chief of staff, said that "everything indicates Ethiopia is preparing an attack." (AFP)

Balloon Expected To Reach China

GENEVA — Balloonists aiming to be the first to circle the world nonstop crossed India on Tuesday, the Geneva control center said.

By early afternoon Indian time (0900 GMT) the Swiss pilot, Bertrand Picard, and his British teammate, Brian Jones, were just south of the eastern Indian town of Varanasi, a spokeswoman said.

Their Breitling Orbiter-3 will enter China's airspace early Wednesday, the 10th day of their journey, south of 26 degrees north latitude, the center said. That would put it within the zone approved by Beijing.

Over India the crew was out of contact with Geneva for long periods because of problems with satellite communications, said Alan Noble, a flight director. (AP)

SECRETS: Chinese-American Weapons Designer Is Fired in Espionage Investigation

Continued from Page 1

has moved vigorously and "the problem has been corrected."

The official reason for terminating Mr. Lee, Mr. Richardson said, was that "he had misused security, he had had improper contact with foreign officials, and he had violated a number of security procedures."

Other sources said that these facts had been developed during the FBI investigation, but that inquiry had not turned up evidence to support the espionage allegations against Mr. Lee.

Asked whether China could have developed the miniature warheads on its

own, Mr. Richardson agreed, adding, "They could have gotten it from Russia, or they could have had some assistance from these potential thefts."

Complaints in Congress — from the Senate majority leader, Trent Lott, Republican of Mississippi, and Senator Richard Shelby, Republican of Alabama and chairman of the Select Committee on Intelligence, among others — have added fuel to a debate over whether the Clinton administration was lax on carrying out new security regulations to prevent Beijing from obtaining military secrets and advanced U.S. technology with possible military uses. The administration has sought to engage China as a trading

partner and strategic player in Asia.

Mr. Lee has been under FBI investigation since late 1997, according to administration sources, but the inquiry has been unable to develop specific evidence against him because the alleged espionage took place almost 10 years ago. In addition, investigators could not find indications of any activity by Mr. Lee on behalf of the Chinese in the intervening decade.

While under FBI investigation, Mr. Lee was allowed to remain at his classified job, but under surveillance. The FBI, which has total control over this investigation, frequently has proceeded this way in espionage cases, since it is

difficult to get an arrest without "catching someone in the act," a former senior agent said Monday.

Four weeks ago, investigators concluded Mr. Lee was not going to cooperate and his access to classified information was removed. Last weekend, he was questioned directly by FBI agents and "continued to insist he had done nothing wrong," a source said.

Because Mr. Lee was a contract employee of the University of California, which runs Los Alamos for the government, Mr. Richardson had to recommend his removal to the university, which immediately carried it out, sources said.

Mr. Richardson said that the Lee case, along with two others going back to the Reagan years, represents "serious leaks of information," but the energy secretary added, "We still don't know the extent."

Continuing to Pursue China

Mr. Gore was the highest-ranking U.S. official to comment on the allegations since they were disclosed by The New York Times on Saturday, Reuters reported.

Mr. Gore sought to deflect criticism from the Clinton administration in an interview broadcast Tuesday evening on CNN.

He also said the United States would continue to pursue a relationship with China aimed at encouraging further steps toward democracy.

IRAN: Khatami Seeks to End Isolation From '79 Embassy Takeover

Continued from Page 1

months ago, has been in a power struggle between moderates and the hard-line factions who hold a slight majority in the Parliament. He received a boost this month when moderate candidates won control of local councils in the country's first municipal elections since 1979.

But nationally, conservative clerics still control major institutions, and ultimate authority lies with the country's top religious leader, Ayatollah Ali Khamenei.

Human rights organizations say that even under Mr. Khatami, progress has

been slow. So did the State Department's report on human rights practices in 1998, which was published last month. "Systematic abuses included extra-judicial killings and summary executions, disappearances, widespread use of torture, and other degrading treatment," the report said.

While Mr. Khatami had lunch at the presidential palace, a few kilometers away, more than 3,000 Iranian dissidents and some Italian opposition figures held a demonstration to protest his visit. In Amsterdam, seven Iranians opposed to the Khatami regime briefly occupied the Italian Consulate.

Perviz Khazai, a former ambassador under Ayatollah Khomeini and a leader in the National Council of Resistance of Iran, an Iranian dissident group, who helped organize today's rally in Rome, said: "Khatami is not a moderate, even if he said he is." He cited numerous assassinations of Iranian dissidents abroad, as well as public executions and stonings. "A moderate would not have allowed this to happen," he said. He accused the Italian government of courting Mr. Khatami for its own economic ends. "They should call a spade a spade and say they want to deal with this regime because they want oil."

DEAL: RJR to Separate Food and Tobacco

Continued from Page 1

sell for only \$6 billion to \$7 billion.

RJR Nabisco said it felt it could not provide sufficient resources to develop the international unit, which was hard hit by the crisis in Russia, which had been its biggest market.

RJR Nabisco's weak stock price has angered investors, and the corporate raider Carl Icahn has twice amassed stakes in the company. He was expected to try to get shareholders to vote to force the company to separate its businesses this year, following attempts in 1995 and 1996 to gain control and split the operations.

RJR Nabisco and other tobacco companies settled health-related disputes with 46 U.S. states and five territories in November by agreeing to pay \$206 billion over 25 years. In exchange, the states and territories agreed not to sue them for the costs of Medicaid treatments of sick smokers. The other four states had separate agreements with the industry worth \$40 million.

The rapid market reaction probably reflected fears of further legal problems, according to David Dreman, an author and asset manager who holds several million shares in the company and said he was encouraged by the announcement on Tuesday.

But Mr. Dreman said that the states might want access to the food company's assets as well as those of the tobacco concern to make sure it met its obligations under the settlements. He added that if individuals were to succeed in suits, they might also challenge the divestitures. In the past, RJR Nabisco has cited the issue as one reason for not separating the food and tobacco operations, but Carol Makovich, a company spokeswoman, said the deal was structured to prevent such legal objections.

That structure will result in shares of the domestic tobacco unit, R.J. Reynolds Tobacco Co., being handed to current shareholders of RJR Nabisco. The parent company sold 19.5 percent of the food operations as Nabisco Holdings Corp., to the public in 1993. The food company will continue to trade separately from RJR Nabisco, which Ms. Makovich said would exist only to own the remaining stake. That probably

would insulate Nabisco Holdings from any suits, leaving only the shareholders of RJR Nabisco vulnerable.

Although the company did not reveal what the dividend policies would be after the split, Mr. Dreman said he expected most of the current payout to remain with the tobacco company. The 51.25 cents a share quarterly dividend makes for an annual payout of more than 7 percent on RJR Nabisco's stock, while the food company's dividend is only about 1.5 percent. Ms. Makovich said the company chairman, Steven Goldstone, had pledged the tobacco company's dividend would be "competitive" with other payouts in the industry.

Mr. Dreman said RJR Nabisco stock also is attractive because R.J. Reynolds Tobacco will have only \$1 billion worth of debt. Ms. Makovich said about \$5.5 billion of current debt would be paid down with the \$8 billion from Japan Tobacco, which is assuming \$200 million of the international unit's obligations. The remainder will be applied to RJR Nabisco's borrowings, which will fall to \$9 billion, a far cry from the \$29 billion of debt the company was saddled with after the KKR takeover.

Mr. Dreman said that after the spin-off, the tobacco company would be similar to an attractive junk bond. He es-



Masaru Mizuno, Japan Tobacco chief, announcing the deal Tuesday.

timated that the current value of the Nabisco Holdings stock held by RJR Nabisco was roughly equivalent to the current market price for the parent's stock, meaning the spin-off would give shareholders the tobacco company, with its vastly reduced debt load, for free.

SONY: Not Just the Box But the Pipeline

Continued from Page 1

In other words, the company intends to supply not only the computers and television sets through which people will gain access to its movies and music but also the pipeline. The move would put Sony in competition with powerful companies such as Cisco Systems and Lucent Technologies.

Mr. Idei said Sony would invest aggressively over the next three years in research and development, equipment, plants and building the infrastructure necessary to provide services for what he called a "network-centric" world.

Analysts and investors have been expecting Sony to take off in a new direction as its bread-and-butter consumer electronics business has increasingly slipped into the red. The company's shares jumped 8.9 percent Tuesday, to 10,940 yen (\$98.97).

The one area of Sony's business that was left standing outside the sweeping new plan was its American movie and music businesses. Mr. Idei said that Sony had not yet decided what to do with them but that it was mulling over the future direction of the entertainment business.

Sony, famous for its Walkman tape recorders and Trinitron TVs, wants the

next generation of consumers to know it as a highly skilled digital networking company that sells them hardware, software and access to a road between the two. "In the past three years, we have made a lot of effort to move from being a 'box' company to becoming an information technology company," Mr. Idei said in an interview. "I think we've had a fair amount of success."

Indeed, Sony's Vaio laptop computers are winning accolades and a cutting-edge computer chip it unveiled last week as part of its preview of the next generation PlayStation game machine is the talk of the town. Ken Kutaragi, president of Sony Computer Entertainment, the subsidiary responsible for PlayStation, described the new chip as a "technology driver" for Sony.

Sony's new strategy takes it into uncharted territory. Analysts regard its semiconductor manufacturing capabilities as still unproven, and the networking business is growing more competitive by the day as technology manufacturers seek to find value-added operations to enhance their profitability.

Mr. Idei conceded that the plans, which will require significant investment in research and development, have negative implications for at least short-term profitability.

NATO: Holbrooke in Belgrade to Persuade Milosevic to Accept Peacekeepers

Continued from Page 1

soon as possible to allow time to bring a deal out of Belgrade," an official said.

Mr. Milosevic's major objection to the peace plan involves a NATO-led peacekeeping force that is supposed to oversee implementation of the shift to local self-government for the ethnic Albanian majority over the next three years.

To induce Belgrade to accept foreign troops in the disputed Serbian province, Mr. Holbrooke will insist on a provision for NATO troops to oversee the disarmament of the Kosovo Liberation Army's guerrillas and preserve the status of

Kosovo as part of Yugoslavia. Western governments have also started talking with Moscow about a role for Russian troops.

Belgrade has asked for changes in the proposed formula for autonomy in Kosovo, including provisions for Serbs who live in Kosovo to be tried in Serbian courts and not in new courts to be run by ethnic Albanians.

The Serbs want the plan to drop words like "constitution" and "president" in describing the new system of government because they might imply a status of Kosovo independence.

The uncertainty of eventual independence for Kosovo has been the basis of reluctance among eth-

nic Albanians to embrace the peace plan.

Western officials are encouraged by signs that the Albanians are ready to sign, but they said it would not be sufficient if the assent meant showing a positive reaction to the plan, but with conditions attached — such as statements that the Albanians expected a referendum on independence after the three years of autonomy under Serbia stipulated in the peace plan.

Serbs Seek to Arrest 8

Serbia issued warrants on Tuesday for the arrest of eight leaders of the Kosovo Liberation Army, accusing them of murder, kidnapping and attacks on Belgrade's military

and police personnel, Reuters reported from Belgrade, quoting the official Tanjug news agency.

Among those on the list were three of the five rebel group members in the 16-member ethnic Albanian delegation to the peace talks outside Paris last month.

They were Jakup Krasniqi, the Kosovo Liberation Army's official spokesman; Rame Buja, a member of the rebels' political team, and Hashim Thaqi, who emerged as effective head of the rebels' delegation in France.

In continuing warfare, Serbian troops shelled villages in hills north of Pristina on Tuesday, driving civilians as well as guerrillas from the area.



General Klaus Naumann of Germany, left, greeting General Santiago Valderas of Spain in Brussels on Tuesday at a review of policies on Kosovo and Bosnia.

سكربتات القرآن الكريم

EUROPE

Suspected ETA Military Leader and 5 Others Arrested in Paris

PARIS — The suspected military leader of the Basque separatist group ETA, Javier Arizteuren Ruiz, one of Spain's most wanted men, was arrested Tuesday in Paris, police said.

Mr. Arizteuren Ruiz, also known as Mr. Kantauni, was arrested along with five other suspected ETA members in two separate operations.

Four, including Mr. Arizteuren Ruiz, were arrested early Tuesday at a hotel. The two others were seized at an apartment used by the group as a logistics base.

All six suspects were armed. No shots were fired during the arrests, a source said, adding that the group had been under surveillance for several months.

The operation took place as Spain's prime minister, Jose Maria Aznar, was in Paris to meet his counterpart, Lionel Jospin, and President Jacques Chirac.

During a meeting with Mr. Jospin, Mr. Aznar thanked the French government and said the arrests resulted from "very fruitful cooperation" between Paris and Madrid.

Spanish officials in Madrid also welcomed the arrests, which followed the detention earlier this week in the Basque region of two journalists accused of collaborating with ETA — an acronym for Basque Homeland and Liberty in the Basque language.

It was the biggest police operation against ETA since the Basque group declared a cease-fire in mid-September.

Spanish police believe that Mr. Arizteuren Ruiz, 38, was in charge of ETA's deadly commando units and was the mastermind behind a failed assassination attempt against King Juan Carlos in 1995.

Spanish anti-terrorist police sources said he had been on active ETA military service since the early 1980s.

In Madrid, a Spanish Interior Ministry spokesman said the arrests were the result of a joint French-Spanish police operation that began several months before ETA declared its truce.

Spain "cannot lower its guard just

because ETA is observing a cease-fire which is not definitive," the spokesman said.

The Spanish authorities have long believed ETA's leadership was hiding across the border in France.

The Basque region, which is mainly in Spain but straddles the border with southwestern France, is home to more than 1.25 million Basques.

The Vasco Press agency, meanwhile, named two of the arrested suspects as Jarmel Mikel Zubimendi, a former parliamentarian of ETA's political wing Herri Batasuna, and Irantzu Gallastegui Sodupe, an ETA activist.

Miss Gallastegui Sodupe's portrait is

seen at airports under the slogan "Wanted: Armed and extremely dangerous."

She is believed to be behind attacks on members of the security forces and a leading member of the group that kidnapped and killed a municipal councilor, Miguel Angel Blanco, 29, in Ermua, a small town in Vizcaya Province.

Mr. Blanco's murder in July 1997 caused a storm of protest and unprecedented mass demonstrations against ETA across Spain.

ETA has waged a 30-year separatist campaign in which nearly 1,000 people have died. Despite the truce, the Spanish government continues to consider ETA a terrorist organization. (AFP, Reuters)



The suspected military leader of the ETA, Javier Arizteuren Ruiz.

Labour Budget Cuts Taxes To 10% for Lowest-Paid

By Tom Buerkle
International Herald Tribune

LONDON — The Labour government of Prime Minister Tony Blair introduced a budget Tuesday that cut taxes for the lowest-paid workers with fiscal incentives to encourage employee share ownership, and share options for entrepreneurs.

The government also reaffirmed its forecast that the economy would grow by 1 percent to 1.5 percent this year, slightly more than most private-sector economists expect, while inflation remains under control.

Gordon Brown, the chancellor of the Exchequer, said that the tax cuts and recent sharp reductions in interest rates would fuel the growth.

The budget, the most significant policy statement of the British political calendar, represented the government's clearest attempt to marry the traditional socialist values of the old Labour Party with the market-oriented approach adopted by Mr. Blair in refashioning his party as New Labour.

The measures will encourage "a dynamic Britain of enterprise and fairness," fostering both the creation of wealth and its more even distribution, Mr. Brown told the House of Commons, where he presented the budget.

The announcement triggered a rise in long-term interest rates in financial markets Tuesday. The tax cuts, along with spending increases on education and health, will amount to about \$6 billion (\$9.6 billion) over the next three years.

Kevin Gardiner, an economist at Morgan Stanley Dean Witter, said this figure was higher than financial analysts had been expecting and could limit the pros-

pect for further interest-rate cuts. But the economic stimulus should play well politically for the government and could hint that the next general election, which is due by May 2002, will be called early, Mr. Gardiner said.

The centerpiece of the budget was the introduction of a new 10 percent tax rate for the lowest-paid workers, something the government has promised for two years but until now Mr. Brown had failed to deliver.

Critics have derided the new rate as a gimmick that would be more complicated to administer than simply raising the threshold for paying income tax, which currently starts at \$4,195 a year for a single person. But government officials have made it clear they regard the rate as a symbol of their commitment to helping the poor and ensuring that work is more rewarding than welfare.

The new rate coincides with the introduction this year of Britain's first minimum wage, of \$3.60 an hour, and a working families tax credit that links welfare benefits with the tax system to guarantee a minimum income for a family of four of £200 a week.

The lower tax rate will be paid for by abolishing tax deductions on mortgage interest payments and reducing other tax breaks geared mainly toward the middle and upper classes. The measures continue a modest shift of the tax burden, since Mr. Blair's government came to power two years ago, to the wealthiest 50 percent of Britons, with the poorest 30 percent reaping the benefit.

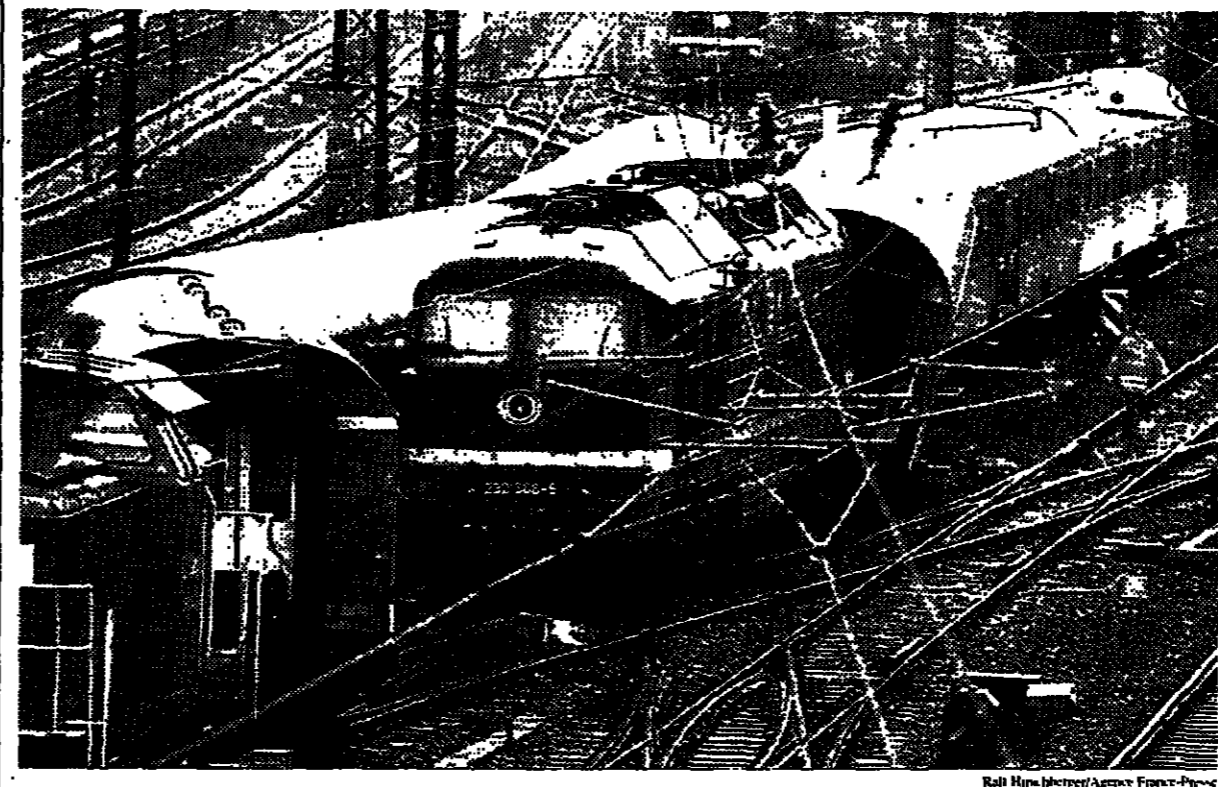
The opposition Conservative Party has attempted to seize on that shift to claim that Labour was reverting to its high tax policies of the past. William Hague, the Conservative leader, forced Mr. Blair to acknowledge last week that the overall tax burden would rise modestly during the government's four-to-five-year lifetime. Taxes currently take in around 37 percent of gross domestic product, low by European standards but higher than U.S. and Japanese levels.

But government officials hope the tax measures will foster the kind of dynamics seen recently in the United States by expanding the labor market, containing upward pressure on wage inflation and contributing to sustainable economic growth. David Hillier, the chief U.K. economist at Barclays Capital, the investment banking arm of Barclays Bank PLC, said: "They will prove some of the most important changes in the labor market in some time."

The government also maintains that Mr. Brown's approach of keeping fiscal policy tight by aiming for a balanced budget over an economic cycle holds the key to long-term growth. The strategy was given a welcome endorsement over the weekend from the International Monetary Fund, which praised the government's management of the economy and said there was scope for further monetary easing.

With economic growth having slowed to a near halt at the turn of the year and inflation falling below the government's 2.5 percent target, most financial analysts expect interest rates to fall this year by one-half to 1 percentage point from the current level of 5.5 percent. Low rates should help speed a recovery, but most analysts expect the economy to grow by less than 1 percent this year, below the government's forecast.

The other tax breaks in the budget were designed to encourage employees to buy shares in their own companies, and to foster entrepreneurship by reducing capital gains tax on share options granted to executives in start-up ventures.



BUCKLED — German railcars waiting to be cleared away after two regional trains collided near the central station in Erfurt, injuring 13 people. Deutsche Bahn has been hit with a half-dozen accidents this year.

Dispirited Russian Jews Look to Israel

By Michael R. Gordon
New York Times Service

MOSCOW — Like many of the Jews in Russia, Anatoli Yugman would like to stay in his homeland. But since the financial crisis struck the country last August, the 20-year-old student has begun to hedge his bets by attending evening classes in the Hebrew language.

Mr. Yugman has plenty of company. With the economy distressed and political "extremists" making anti-Semitic tirades, enrollment in Hebrew has tripled here in the past year.

Some students have already decided to emigrate to Israel, while others simply want to know the language of their forebears.

Then there are Jews like Mr. Yugman, an earnest young man with wire-rim glasses, who seem to be in a quandary about their future.

The disintegration of the Soviet Union in December 1991 opened a fresh chapter for the Russian Jews. Synagogues and yeshivas started up. The top echelons of government and finance were opened to people of Jewish descent.

But the Jews are now facing a collapsing economy as well as the fresh burst of anti-Semitic statements.

For the first time in nearly a decade, emigration from Russia to Israel is starting to climb. Though relatively modest, the number leaving for Israel in January — 1,774 — was 70 percent higher than the 975 who left in January the year before.

While many Jews would prefer to remain in Russia, there is a growing realization that they will have to fight the old battles against anti-Semitism all over again.

The fears are more acute in Russia's provinces. Just Monday, Jews in Novosibirsk reported that the lone synagogue in that Siberian city had been vandalized and swastikas painted on the walls. But many Jews in Moscow and in liberal St. Petersburg are also on edge.

"Of course, things were worse in Soviet times," said Zinaida, 70, a retired woman who was waiting for a meeting at the Choral Synagogue in Moscow and declined to give her last name. "But now anti-Semitism is again threatening us and our children."



RADICAL PROMOTIONS — A member of the rightist Russian National Unity movement distributing leaflets in Voronezh, Russia. In Moscow, the mayor wants to ban the vocally anti-Semitic party.

Mark Kupovetsky, a demographer at the Jewish Studies program at the State University for Humanities in Moscow, says there is a "core" Jewish population of 332,000 in Russia.

The estimate increases severalfold if it includes those with one Jewish parent or grandparent — important because Israel accepts immigrants who can show that at least one grandparent is Jewish.

Much of the government team that has guided Russia's painful transition to a market economy is of Jewish ancestry, as are many of the country's bankers and tycoons, though few are synagogue-going Jews.

Sergei Kiriyenko, the former prime minister, who adopted his mother's Ukrainian family name, is part Jewish, as are the former Kremlin aides Boris Nemtsov and Anatoli Chubais.

Yegor Gaidar, a former prime minister and avid promoter of a market economy, also has Jewish ancestors.

Many Jews in fact believe that their acceptance in Russian society will ultimately depend on the nation's ability to develop a capitalist democracy with rising living standards and Western-style legal protections.

"The future for Jews in Russia depends on the success of economic reform," said Mr. Kupovetsky.

At the after-school center on Vadkovsky Pereulok, in central Moscow, the worries are palpable. On Sundays, about 700 Russians attend Hebrew classes, and even on weekdays several classrooms are full.

Anti-Semitism is just one factor in decisions to emigrate. Before the financial crisis, many young and middle-aged professionals felt they had a better chance of making good in Russia than they would if they started over again in another country.

Mr. Yugman, a student at one of Moscow's most prestigious management academies, explained his situation: "I am a Jew, and I want to know the language of my parents," he said. "But I don't want to live in another country."

Austrian Bank Agrees to Settle Holocaust Case

By Henry Weinstein
Los Angeles Times Service

A large Austrian bank has agreed to pay \$40 million, and provide reams of documents to settle a major class-action lawsuit that charged the bank with aiding the Nazi war machine and profiting by selling Jewish assets during World War II.

While the settlement Monday is not nearly as big as the \$1.25 billion settlement Holocaust survivors reached with Swiss banks, the agreement is considered significant according to attorneys and Jewish leaders because the documents will give them considerable ammunition in major cases pending against German banks.

Creditanstalt-Bankverein, and its parent company, Bank Austria AG, of Vienna, were sued in the same cases as two leading German banks, Frankfurt-based Deutsche Bank AG and Dresdner Bank AG in New York last year.

A unique aspect of the settlement is that it gives the plaintiffs the right to any claims that the Austrian bank might have against the German banks for assets that were forcibly transferred to the German banks after Germany annexed Austria in March 1938. Deutsche Bank formally took control of Creditanstalt after the annexation.

"The significance of the settlement is not in the amount being paid but in the documents being produced and the claims being assigned," said attorney Robert Swift of Philadelphia, one of the lead lawyers for the plaintiffs. "This settlement will lead to far larger compensation for Holocaust survivors," Mr. Swift added.

Rabbi Marvin Hier, dean of the Simon Wiesenthal Center in Los Angeles, said he had not seen the settlement. But he said thus far the Austrian government had escaped the sort of responsibility that had been imposed on other countries for collaborating with the Nazi regime.

Charles Moerdler, a New York attorney who was the lead lawyer for the Austrian banks, declined to return calls seeking comment.

The settlement specifically provides that the Austrian banks admit no liability by signing the settlement.

The 37-page settlement resolves three cases filed in the past year against Creditanstalt and Bank Austria.

The suits alleged that the bank aggressively took part in a scheme to profit from the inhumane slave labor inflicted by the Nazi regime and its allies. The plaintiffs also asserted that the bank obtained, concealed and profited from assets looted or "Aryanized" by the Nazi regime.

Within months after the suits were filed, Austrian officials indicated that they wanted to expeditiously resolve the cases.



Sylvie Rouy, contaminated with HIV in a 1985 transfusion, leaving the court Tuesday.

FRANCE: Fabius Acquitted in Tainted-Blood Trial

Continued from Page 1

Their inadequate response to the AIDS problem when first confronted with it in the mid-1980s.

But until the early 1990s, groups claiming to speak for the transfusion victims were prevented even from seeking compensation from the government for death and suffering. About 4,400 people, many of them hemophiliacs, contracted AIDS from inadequately tested blood stocks in France from the period when Mr. Fabius's Socialist government was in power. About 40 percent of them later died.

The French Transfusion Association said the acquittal of Mr. Fabius was "disgraceful" and the trial "manipulated and discredited." After the monthlong trial ended Tuesday, one of the surviving infected victims, Sylvie Rouy, 35, said tearfully: "Politicians are like gangsters. Unless you catch them red-handed, you never get them."

Mr. Herve was found guilty of involuntary injury in her case, and of involuntary manslaughter in the death of a two-year-old girl infected by a transfusion given before her birth to her mother.

Relatives of the dead and others charged that Mr. Fabius and his health officials had deliberately delayed introduction of systematic testing of blood banks for the AIDS virus even though an American test developed by Abbott Laboratories was already on the market in mid-1985.

The government, they charged, had stalled until a French test developed by Diagnostics Pasteur could be approved for reimbursement by the state health system.

Mr. Fabius vigorously disputed that charge and testified during the trial that he had been unaware of discussions about giving the French test a competitive edge. He ordered systematic testing as soon as he was aware that it was available, advancing the date to Aug. 1, 1985, two months earlier than was originally planned.

But Daniel Defert, who founded a group called AIDES in the French homosexual community in 1984, told the daily Liberation on Tuesday: "Politicians didn't dare to get involved with this disease for fear of being considered responsive to what some doctors were calling a sort of homosexual lobby."

Awkwardness pervaded the trial, and even the prosecution had called for the acquittal of the three defendants in its summation at the end of last month.

The presiding judge, Christian Le Guehennec, one of three professional magistrates in the 15-member court, at one point described the proceedings as "surrealistic."

Even acquittal left the political prospects of Mr. Fabius uncertain. Now 52, he was France's youngest prime minister when he was named in 1984 and, until he was caught up in the scandal, had been thought a possible president of France.

Bosnian Serb Says He Will Keep Post

SARAJEVO, Bosnia-Herzegovina — The Bosnian Serbs' caretaker prime minister, Milorad Dodik, who last week said he would step down over a ruling on a disputed town, has told Western officials he was prepared to remain in office once Serbian anger cools.

A senior North Atlantic Treaty Organization official said in London on Tuesday that the Western-backed politician was "prepared to return and resume responsibility, but not tomorrow."

"He has to let things cool off," the official said.

In Sarajevo, a spokesman for the international peace coordinator Carlos Westendorp said that Mr. Dodik had indicated that he was willing to reconsider. Mr. Dodik said Friday that he was quitting because he could not go along with the decision to turn the town of Brcko, which had been under Serbian jurisdiction, into a neutral district.

Mr. Westendorp on Friday fired the president of the Bosnian Serb republic, Nikola Poplasen, for violating the Dayton peace accords. (Reuters)

EU Sees No Conflict In Aide's Political Bid

BRUSSELS — A bid by the European commissioner Emma Bonino to become Italy's next president does not violate newly-approved restrictions on political activities by the European Union executive, EU officials said Tuesday.

"There is no conflict," said Pietro Petruci, the spokesman for Miss Bonino, a member of the EU executive since 1995.

President Oscar Luigi Scalfaro's seven-year term expires in May, and political horse-trading has already begun in Italy on who should succeed him.

For the commission, the news that one of its members was seeking high office came as an embarrassment days after it endorsed a code of conduct to show the outside world it took allegations of fraud and cronyism seriously. The code, due to be published after its formal adoption, says commissioners cannot hold elected office of any kind.

A spokesman said that Jacques Santer, president of the commission, was going to ask Miss Bonino to explain her plans but added that he did not see any conflict between her political activities and the code. (Reuters)

No Progress on Ulster

BELFAST — The two politicians, who are essential to making Northern Ireland's peace accord work, held another restive, inconclusive meeting Tuesday, underscoring fears on both sides that the peace process might be stalled by irreconcilable differences.

David Trimble, the Ulster Unionist Party leader and the Protestant politician elected to lead the new government at the heart of the accord, again told the Sinn Fein leader Gerry Adams that the party, allied with the Irish Republican Army, could not take part in the new governing structure unless the IRA starts disarming first. (AP)

For the Record

Eric Giully, managing director of the international advertising group BD-OP Worldwide, was elected Tuesday in Paris as chairman and managing director of Agence France-Presse. He replaces Jean Mior, whose three-year mandate expired on Feb. 2. (AFP)

OPINION/LETTERS

Internet Entrepreneur: Act Small, Think Global

By Thomas L. Friedman

WASHINGTON — I recently wrote a column about Lyle Bowlin, who, for about \$150 a month, had managed to put together a Web site that could compete with Amazon.com for selling books. He was under-selling Amazon.com (and making a profit!) while running the whole operation out of a spare bedroom in his home in Cedar Falls, Iowa.

The column elicited the usual range of skeptical responses from experts, who argued that Mr. Bowlin's operation was just a fluke, or that he was not calculating his costs properly, or that Amazon.com would soon crush him and all other would-be little-guy competitors.

Well, to all of you I say: You are wrong. You think the Internet is overrated. It is underrated. Here is the e-mail I received from Mr. Bowlin two days after the column ran, both in The New York Times (1/7, March 1) and on-line on www.nytimes.com:

"Dear Tom, I thought I would just fill you in on the impact the column has had. We had over 142,000 hits between 11 P.M. Thursday night [when the column first appeared on the Web] and 2 P.M. Friday afternoon from 40 different countries, before the software that tracks hits gave up and crashed. I have personally responded to over 1,400 e-mails."

The e-mail messages fell into three broad categories. One group was people who were interested in the charitable donation arrangement that Mr. Bowlin offers, whereby 10 percent of the purchase price of any book can be dedicated to a charity certified by the Internal Revenue Service.

Another group was small-business people around the world, particularly craft makers, who were interested in competing against the big boys from their spare bedrooms at home and wanted to know how to get started.

"There are a lot of people out there who have a passion for selling different things," Mr. Bowlin said, "and if they all start doing it over the Web as a hobby, it is going to have an impact on the big retailers."

What intrigued me most, though, was the third group. "There is a whole group of people out there," Mr. Bowlin

said, "who like the idea of the 'little guy' competing against Amazon.com. People see Amazon.com as this big impersonal thing. Whereas they like the idea of dealing with a person they know actually exists."

"Even though their contact with me is over the Web, and it is through e-mail, they know when they contact me the answer is coming from a real person, with a real name. I'm a real person, not a virtual person."

In other words, there is still a deep hunger out there for that old-style, Main Street feeling, built on human contact. This suggests that the really successful retailers in the Internet Age will be those who can combine the efficiency of cyberspace with the intimacy of the backyard barbecue.

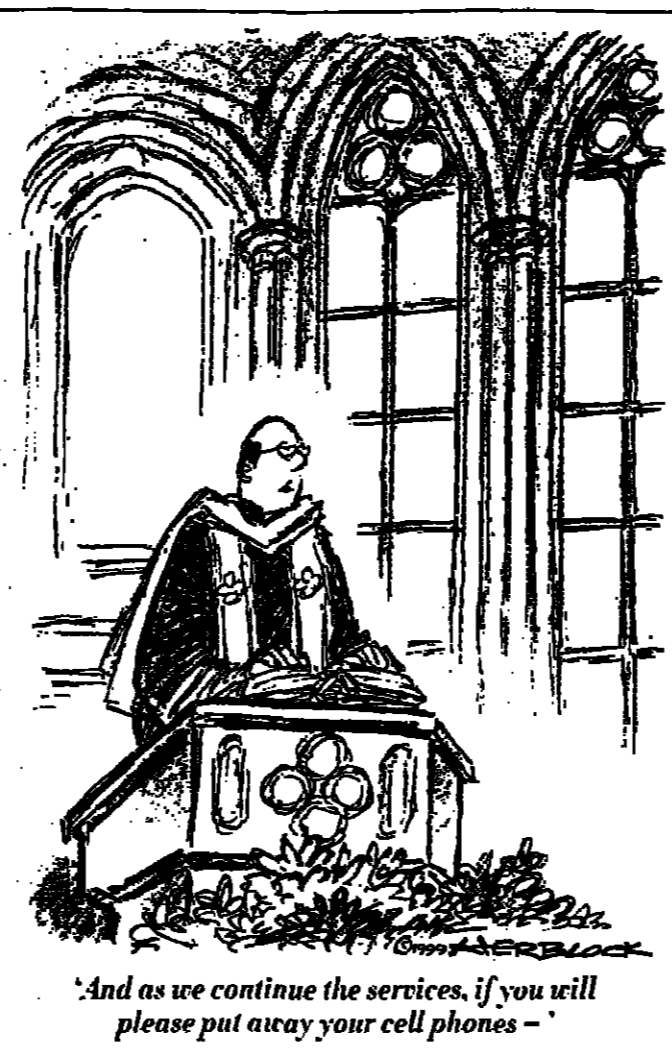
Mr. Bowlin's experience underscores another point: If you think globalization is overrated, you are also wrong. As Mr. Bowlin can tell you, the minute you start to do business on the Web, you have to think globally. You have to think about your customers as global, your competitors as global, your readers as global, your suppliers as global and your partners as global.

"There has never been a commercial technology like this in the history of the world," said Robert Hormats, deputy chairman of Goldman Sachs International, "whereby from the minute you adopt it, it forces you to think and act globally."

Mr. Bowlin got offers last week to go into partnership with local booksellers in London and Singapore. Whereas before he was doing at best \$2,000 a month in business, since the story about him appeared on the Web he has been doing \$2,000 a day from around the globe. This is enabling him to make improvements to his site — www.positively-you.com — that will make it even more competitive with Amazon.com.

The only downside to his sudden expansion, Mr. Bowlin said, is that he can no longer compete against Amazon.com from his spare bedroom. It is not big enough anymore to serve as his headquarters. "I've had to move the whole operation into the downstairs formal dining room," he said.

The New York Times



Doing Away With Public Life

By Neal Gabler

NEW YORK — If ever one needed an event to mark the end of privacy in America, the televised interview last Wednesday with Monica Lewinsky would certainly qualify. For two hours, under the gentle prodding of Barbara Walters, the young Ms. Lewinsky cheerfully bared everything, from her sexual proclivities to her battles with her weight,

and revealed quite a few of President Bill Clinton's secrets, for good measure.

She was only following a well-worn trail that Ms. Walters herself had helped blaze.

For years, critics have complained that the steady incursion of the media into the private lives of public figures has eroded privacy until nothing is off-limits. We know celebrities' addictions and abuses, their romances, finances, health, childhood transgressions, even their psychological needs. In truth, it seems there is little we do not know.

But the point is not that there isn't any privacy left. It is that there is nothing left of what used to be called the "public."

The constant revelation of the private has reduced the public and gradually usurped it until there is really no public life anymore. There is little serious public

discourse, nothing that does not concern private behavior. When intimacies become the center of a society's public discourse, there is only confession and gossip.

What a sea change this is. It was not so long ago that journalists and celebrities, be they politicians or entertainers, observed a strict demarcation between what was intended for public consumption and what was intended to be private. As Humphrey Bogart so pungently put it, all he owed his fans was a good performance.

As late as the 1920s, no respectable U.S. newspaper would even publish birth notices, seeing them as an invasion of privacy, and the gossip columnist Walter Winchell was reviled by many of his journalistic brethren for printing the sorts of things — divorces, affairs, pregnancies — that now win reporters accolades.

The Lewinsky interview was an object lesson in the end of the public, just as it was an object lesson in the flaunting of the private. There was scarcely a moment in the two-hour interview that was not dedicated to Ms. Lewinsky telling us some lurid detail or displaying some personal dysfunction as Ms. Walters sat there, with the rapt eagerness of a dog begging for table scraps. We learned about Ms. Lewinsky's romantic travails, her lack of self-worth, her self-ascribed sensuality, her flirtations, her depressions.

Lest all this seem stale, Ms. Walters promised a new "startling revelation," which turned out to be that Ms. Lewinsky had had an affair with a Pentagon official, had become pregnant and then had an abortion. In short, Ms. Lewinsky had turned her deepest secrets into a tease for her interview and book.

She and Ms. Walters did the same thing for Mr. Clinton, making the private public and thus brutally shoving aside anything that did not concern the private. So we got a peek behind the public man: at his marriage, his broken pledge of fidelity, his talents as a lover. Mr. Clinton was treated as if he were just another of Ms. Walters' movie-star subjects, for whom the actual work, the film, was much less exciting than the life. After all, who wants to talk public policy when you can talk phone sex?

But the death of the public was not only demonstrated by the content of Ms. Lewinsky's interview. If anything, it was even more powerfully demonstrated by her attitude and that of Ms. Walters.

Ms. Lewinsky seemed positively giddy playing the role of star, finally allowed to step out from behind the screen to show her fans her "true" self. Having assumed the celebrity persona she engaged in self-analysis, rummaged her childhood for keys to her behavior, delivered the requisite secrets and even broke down on cue, turning every intimacy and emotion into public fodder. What this showed is that when it comes to her public life, Ms. Lewinsky does not have one: All she has is her private life, publicly displayed.

Of course, Ms. Lewinsky is only a symptom. She realized that in a culture where celebrities are vying for attention, one of the best ways to get it — one of the only ways to get it — is by divulging all.

Other celebrities sit for Ms. Walters or for Vanity Fair, knowing that the transaction is publicity for secrets, because they know that few people really care about what little remains of the public: their sense.

In a sense, Ms. Walters is just a highfalutin version of the tabloid TV talk-show host Jerry Springer, the only real difference being that her guests have name recognition and his do not. Otherwise, Ms. Walters and Mr. Springer and Oprah Winfrey and Vanity Fair and People are all in the same business: voyeurism.

It has come to that. An estimated 70 million viewers watched the Lewinsky interview and millions of others are rushing to buy her tell-all book, making us the first generation of Americans to know as much if not more about our president's sexual habits than about his policies.

Nearly 25 years ago, in his classic study "The Fall of Public Man," the sociologist Richard Sennett, fearing the rise of personal confession and psycho-babble, warned that this might happen. Now, in a society that is all secrets all the time, we have fulfilled his prophecy.

The writer, author of "Winchell: Gossip, Power and the Culture of Celebrity," contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

A Troubling Verdict

Regarding "Verdict on a Tragedy" (Editorial, March 8):

I read with anger and dismay the editorial concerning the acquittal of Captain Richard Ashby. I can understand a jury of military officers being sympathetic to his case, but not The Washington Post.

His defense was that he was not criminally negligent because he did not know the Italian altitude restrictions, did not have an accurate map and had an altimeter that may have malfunctioned. The civilian highway equivalent of this argument would be for someone to cause a deadly car crash and claim lack of responsibility because he did not know the speed limit and did not have a map to see the next bend in the road.

As a military pilot, Captain Ashby was responsible for showing good judgment while flying a

plane. Did he need to read a rule book or look at an altimeter to know he was 360 feet (110 meters) from the ground in a populated area and should not have been?

I do not see how his superiors can take the blame for what he did in the airplane he was flying. They were not there. Certainly the missing videotape of the flight is another indication that Captain Ashby is hiding something and was probably attempting stunts.

There is an "us versus them" mentality in this case. I am sure that the U.S. military would not carelessly fly fighter jets 350 feet above the mountains in Aspen, Colorado.

The acquittal of Captain Ashby is more proof that court martials exist primarily to serve the military establishment.

If the U.S. military is not will-

ing to assume moral responsibility for the deaths of the 20 skiers, the Italians should close the Aviano base from which the planes took off, because the pilots appear to be a public danger. Let them practice their antics over downtown Manhattan, for a change.

BOB COX,

Kapellen, Belgium.

"Military justice" in the U.S. Marine Corps is an oxymoron.

JOHN RAY,

Fontenay-Trésigny, France.

Homage to an Art Form

Regarding "The Unspoken Art of Cablese" (Meanwhile, March 2) by E.J. Dionne Jr.:

KUDOS ADDICTIONE EX-READER RECABLESE.

UNDOWNHOLD ENCORE SOONEST.

RICHARD PATRICK WILSON,

Mobile, Alabama.

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One's Company, Two's a Crowd

Star System Revisits the Classics

By Sheridan Morley
International Herald Tribune

LONDON — To be or not to be a permanent company? Just as we lose the Peter Hall company at the Piccadilly, just as Trevor Nunn launches, on all three stages of his National Theatre, the first residential season to play on the South Bank for almost 20 years (with a group of actors on yearlong contracts in everything from "Troilus and Cressida" to "Candida"), and just as the Royal Shakespeare Company faces up to the agonizing choice it has to make between big stars on necessarily short-term contracts for one show each, or a team of lesser players willing to stay longer, we get two useful West End reminders of the dangers of the old star system in the classics.

First (reviewed here recently), the Robert Lindsay "Richard III" at the Savoy, a weird music-hall turn in which the star seems to prefer working with the audience rather than his fellow players, and now the Rufus Sewell "Macbeth" at the Queen's, where again the effort to get his name on the poster seems to have exhausted all other thoughts about how and why the play should be conceived for the contemporary West End.

We are now, amazingly, back to where Donald Wolf left us about 50 years ago: one big star doing his thing, with precious little money left over for scenery and costumes and a supporting cast that appears to have been instructed to watch politely from the sidelines, not so much acting as being acted at.

Essentially it becomes Ego-Shakespeare, and we are all the losers. For his Shaftesbury Avenue debut as a director, John Crowley has chosen to give us a minimalist regional studio-staging that might just about get by somewhere miles from anywhere and starved of Shakespeare, but looks decidedly cheap at West End prices. Sewell is indeed charismatic as Macbeth, recalling an odd hybrid of the young Oliver Reed and the young Albert Finney, but he gets very little support, even supposing he were willing to look for it, from Sally Dexter's curiously wan and underpowered Lady Macbeth and a supporting cast of catastrophic weakness, many of the players seeming to have strongly Irish rather

than Scots accents. As for Jeremy Herbert's set, virtually nonexistent in the first half, it comes to consist of an indoor swimming pool for Macduff's castle and a black cardboard box that entombs Macbeth until, intentionally or not, he puts his foot through its cardboard side in a fit of rage, whether at the production or his imminent defeat is not clear.

No coherent style here of any kind, no pace, no danger, no context, no sense of the company's having come together in rehearsal with any idea as to why they are doing this particular play at this particular time or what they wish us to learn about it. The result is a tawdry showcase for Sewell, aimed perhaps at his younger movie fans.

The trouble with that idea is, as usual, that Sewell's people aren't much going to care for Shakespeare, while those who go for the Shakespeare will be underwhelmed by what Sewell does with the text.

If the hope was of a post-modernist event that would somehow transcend the normal laws of Shakespeare and appeal over the heads of the usual audiences and critics to a whole new constituency of theatergoers, I have to say I don't see this becoming a reality at the Queen's. In abandoning all the usual props, in casting a company that seems often unfamiliar not just with the verse but with how the drama might be going to end, Crowley has turned his back on the play as well as those who pay to see it.

The result is a production of quite stunning inefficiency and arrogance, in which scenes are alternately gabbled and dawdled as if that alone would guarantee pace or energy. A vague attempt is made at crosscutting, so that scenes start just as others are ending, and in this stolid workshop run-through only the old trouper Peter Bayliss as the



Rufus Sewell as Macbeth and Sally Dexter as Lady Macbeth at the Queen's Theatre.

Porter seems to have any Shakespearean or stage technique of any real kind. At the beginning of his all too short scene he picks the production right up off the ground, only unfortunately to replace it neatly there as he goes off.

Inspired, if at all, by such recent quasi-historical movies as "Elizabeth," Crowley goes in for a lot of furtive shuffling in the half-light, and although this is by no means a fiasco on the Peter O'Toole scale, it is a major disappointment for those of us who still believe there should be a place in the commercial theater for Shakespeare. At this same address several years ago, the same producer (Thelma Holt) had a Matthew Warchus

"Much Ado About Nothing" that was a genuine revelation of a somewhat overproduced text. Since then on film there has been some Shakespeare strongly indicating that a crossover from movie stars to classic stage is no bad thing. But there still has to be some sort of guiding intellect, a frame within which the play can either be celebrated, reconsidered or in some way brought back to immediate theatrical life, and here all that is sadly lacking.

No thanks for the memory, just a slipshod shambles in which the three witches come on looking as though they are about to appear in a musical version of "The Crucible." Not so much tomorrow and tomorrow and tomorrow, more like the day before yesterday.

The Battle of the Operas

Comique in Paris Is Laying Claim to Its Old Repertoire

By David Stevens
International Herald Tribune

PARIS — The Opera Comique is treating itself to a 100th birthday party this season. Not that the institution or the art form is only that old — 300 years would be more like it.

It actually marks the anniversary of the opening of the third Salle Favart on Dec. 7, 1898, rebuilt after the second theater on the same site had been destroyed by fire in 1887, with much loss of life and records.

But any excuse for a celebration is a good one, and this can be taken as a sign of life after a century that began with some glorious years followed, in the last half century, by periods that saw the Comique on the brink of extinction.

The company was in good health as the century began, with premieres of Charpentier's "Louise" (1900), Debussy's "Pelléas" (1902) and Ravel's "L'Heure Espagnole" (1910). The not so good years began in 1940, when the Comique was placed administratively under the same direction as the Paris Opera. The Comique was treated thereafter as a poor relation, losing some of the gems of its traditional repertoire (among them "Carmen," "Tales of Hoffmann," "Pelléas," "Tosca," "Bohème") to the bigger house.

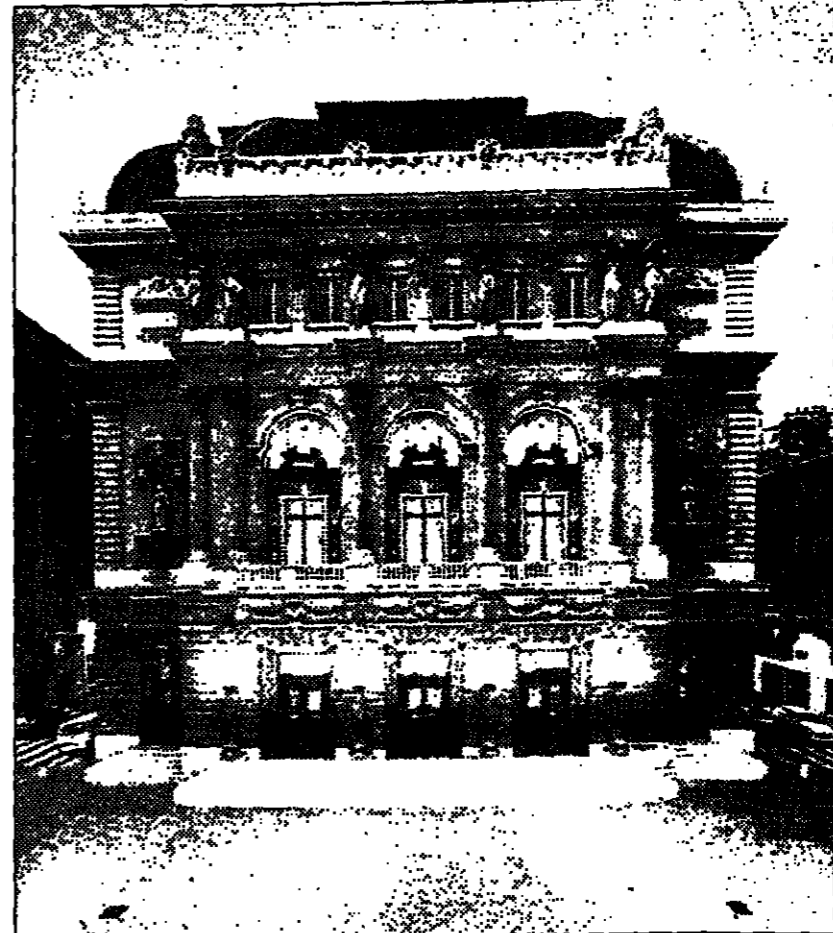
But it is still in business, albeit on a skimpy budget, but once again autonomous and with a loyal public that still fills the seats more often than not despite the customary absence of starry casts.

Under its current director, Pierre Medecin, the Comique has become feisty, going head-to-head with the Opera on repertoire. Last season, the Comique exercised its claim to "Pelléas et Melisande" in a new staging, and this year it gave its public an alternative "Carmen" to the one at the Bastille.

These two works had their world premieres at the Opera Comique, which is not the case with the latest new production, "Don Giovanni," which is also scheduled for a new staging at the Bastille later this season. The Opera has a longer history with Mozart's masterpiece, but the Comique is not far behind historically — having first done it in 1896 with the great Victor Maurel (Verdi's original Iago and Falstaff) in the title part.

The new production is hardly a traditional one, but it is lively and imaginative, even jokey, staged and designed by Philippe Arlaud, an experienced French theater man now based in Vienna.

Arlaud's historically neutral set dispenses with architecture, using a set of sliding, brightly colored panels to create



The Salle Favart, which is celebrating its 100th anniversary.

a sense of movement and provide appropriate playing spaces. And his solutions to the various situations are often original, such as the unnamed Don trying to avoid the Commendatore's dagger before finally killing the old man with his own weapon.

Andrea Uhmman's costumes also avoided a specific time frame and contributed to the vaguely comic-strip atmosphere. The Don is in white-face and dressed in a floor-length white fur robe and a white fedora, while Leporello looks like a hotel porter in black. Donna Elvira's bright yellow robe is decorated with red appliquéd handprints in sexually suggestive places, but they gradually disappear as the denouement approaches.

It seems that no one sends the Don to Hell through a trap anymore. Here the Commendatore's statue places a pistol in the Don's hand — but it is a pistol from Hell that takes on a life of its own before going off with its fatal result.

Denis Sedov, tall, thin and demonic,

was a splendid Don, with a suitably lean and vibrant baritone. The double casting for the run included several singers from the Comique's permanent troupe and its Jeune Theatre Lyrique. At the performance in question they included Eleon Mosuc as Donna Anna, Sandra Zeltzer as Elvira, Karine Ohanyan as Zerlina, Philip Sheffield the Don Ottavio, Emilio Guidotti as Masetto, Thierry Felix as Leporello and Svetoslav Rangelov as the Commendatore. Young, but well cast, they should all be heard from again.

Andreas Stoeckl, a Viennese conductor who is a permanent member of the Comique troupe, conducted the Ensemble Orchestral de Paris with plenty of feeling for Mozart's musical-dramatic drive.

Later this season, the Opera Bastille will present its new production with a heavyweight cast headed by Bryn Terfel and Jose Van Dam as the Don and Leporello. No matter — the Comique has shown that there is room for more than one "Don Giovanni" in the same Paris season.

BOOKS

THE RETURN OF LITTLE BIG MAN

By Thomas Berger. 432 pages.
\$25. Little, Brown.
Reviewed by
Michael Dirda

TO READ a sequel to a favorite novel is to ask for disappointment. Instead of taking the new book on its own terms, we constantly find ourselves comparing it with its illustrious forebear.

It still could not resist reading Thomas Berger's "The Return of Little Big Man," I was hoping against hope, in part because of my deep love for "Little Big Man" (1964).

That immensely engaging Western epic — surely an American classic — recounts the picaresque adventures of Jack Crabb, a preacher's son reared by the Cheyenne, who becomes the only white survivor of Custer's Last Stand. Narrated by Crabb in a voice like that of an aged Huckleberry Finn, it stands securely as one of the best works of fiction of our time — funny, humane, tragic, altogether magical.

As it stands, "Little Big Man" is just about perfect. But an epilogue — written by the supposed editor, Ralph

shot dead. He pals around with the charismatic Bat Masterson in Dodge, avoids a hateful Wyatt Earp and Doc Holliday in Tombstone, watches the gunning down of the McLaurys and Billy Clanton at the O.K. Corral.

For a while he tends bar in a whorehouse, then gives up that well-paying job to teach at a religious boarding school for young Indians. At this last Jack falls in love with a severe young teacher, Amanda Teasdale, but is too shy to speak to a lady so obviously superior to him in every way: Though realistic and even cynical about most aspects of life, in both books Jack tends to sentimental idealism when it comes to women. Eventually, following a compromising moment in the girls' dormitory, Jack flees the Indian school and joins Buffalo Bill's Wild West show.

Buffalo Bill's flair for self-mythologizing sounds rather like these very memoirs, or at least those of "Little Big Man," which framed its narrative so that readers remained uncertain whether Jack was telling the truth or one whopper after another. "The Return" plays down that ambiguity, and we are meant to take Jack's accounts as gospel.

And this, in its way, is where the book runs into trouble. Berger faithfully recreates Jack's ingratiating voice but he shifts the focus from story to history. That is, in "Little Big Man" we followed Jack's own disaster-prone life as one of history's bystanders, with occasional glimpses of famous people along the way. In "The Return," though, Berger piles on the historical figures and events, so that Jack seems merely a device to carry us from one celebrated

name or exploit to the next. As a result, though having clearly done an enormous amount of research on the American West and Buffalo Bill's travels, Berger never develops a compelling plot, one with action, dialogue and suspense. Instead he trots out accounts of Wyatt Earp's viciousness and Annie Oakley's married life or descriptions of the Chicago World Fair.

Berger does struggle with this problem: To add narrative energy to the novel he imagines Jack trying, unsuccessfully, to tell various people the truth about the battle of the Little Big Horn. To add warmth, he gives Jack a mangy and devoted dog to love. Eventually, he even brings back the high-toned beauty Amanda Teasdale and makes her reappearance in Jack's life something of a leitmotif. But that relationship takes too long to flower, and there are stretches when the novel seems a chronology of Buffalo Bill's triumphs in America and Europe.

And yet there are wonderful things in "The Return of Little Big Man": the death of Sitting Bull, a brilliantly writ-

ten scene of pathos, nobility and senseless slaughter; the amusing visit of Edward, Prince of Wales, to the Wild West show; the growing tenderness between Jack and Amanda; the high-flown rhetoric of Buffalo Bill.

But there aren't enough of them. One tires of the drunken and unfunny floppy Katie Elder, of Jack's strange devotion to Custer's widow, of much seemingly pointless local color. Moreover, the occasional wink toward the contemporary sensibility was jarring: A wealthy young ne'er-do-well who goes away with murder is named Kennedy; conflicts erupt at the Indian school over using English instead of native languages. All these can be defended as factually accurate, but one senses the author's slightly heavy hand. Any historical novel is likely to be a reflection on the present, but that reflection should be more subtle and indirect.

"The Return of Little Big Man" is just too painstaking and earnest to be other than a novel for devoted fans. But I was glad to hear Crabb's inimitable voice one more time.

Washington Post Service

BEST SELLERS

The New York Times			The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.			This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		
FICTION			FICTION		
Week	Title	Author	Week	Title	Author
1	THE TESTAMENT	by John Grisham	1	PERFECT MURDER	by Lawrence Sanders
2	SOUTHERN CROSS	by Patricia Cornwell	2	BLIND MAN'S BLUFF	by Sherry Sontag and Christopher Drew
3	RANSOM	by Julie Garwood	3	THE ART OF HAPPINESS	by the Dalai Lama and Howard C. Cutler
4	SEND NO FLOWERS	by Sandra Brown	4	TRAVELING MERCIES	by Anne Lamott
5	A MAN IN FULL	by Tom Wolfe	5	BEALIN FADES	by Jody Shindler
6	THE BIBLE	by Barbara Kingsolver	6	PLAYING FOR KEEPS	by David Halberstam
7	APOLLYON	by Tim LaHaye	7	THE CENTURY	by Peter Jennings and Todd Brewster
8	HARRY POTTER AND THE CHAMBER OF SECRETS	by J.K. Rowling	8	CONVERSATIONS WITH GOD: Book 1	by Neale Donald Walsch
9	BE COOL	by Elmore Leonard	9	ELEGY FOR IRIS	by John Bayley
10	A SUDEN CHANGE OF HEART	by Barbara Taylor	10	THE PROFESSOR AND THE MADMAN	by Thomas H. Inchausti
11	IN DANGER'S PATH	by W.E.B. Griffin	11	CONVERSATIONS WITH GOD: Book 2	by Neale Donald Walsch
12	SEIZE THE NIGHT	by Dean Koontz	12	THE EVILANCE	by Caroline Alexander
13	WHILE I WAS GONE	by Sue Miller	13	ANGELA'S ASHES	by Frank McCourt
14	BILLY STRAIGHT	by Jonathan Kellerman			
15	AMSTERDAM	by Ian McEwan			
NONFICTION			ADVICE, HOW-TO AND MISCELLANEOUS		
1	THE GREATEST GENERATION	by Tom Bruehl	1	HOW TO GET WHAT YOU WANT AND WANT WHAT YOU HAVE	by John Gray
2	TUESDAYS WITH MORRIE	by Mitch Albom	2	SUCRER BUSTERS	by L. Lightfoot Stewart et al.
			3	THE STEPS TO FINANCIAL FREEDOM	by Suze Orman
			4	LIFE STRATEGIES	by Philip C. McGraw

PARIS FASHION

At Dior, Back to the Bourgeois

By Suzy Menkes
International Herald Tribune

PARIS — The gentrification of John Galiano is wondrous to behold. It seems only a moment since the fantastical imagination of the British designer spilled over his Dior shows, from the spun-sugar hair confections to the bouffant decor.

All that was reduced Tuesday to a trio of abstract African sculptures, Modigliani masks — and a bunch of knits.

Sure the sweaters were grandiose: giant witch-hall bobbles of Aran stitching or feathery effects on bold shapes that sloped over narrow sand-beige skirts. But seen 10 — seen 'em all. And they kept coming, even in glitter knit over the designer's bias-cut dresses, which are still graceful, but now drained of their louché, sinuous, sensual appeal.

So, strong knits. But what about clothes for work? Overalls, backless with (you guessed it) knits. For lunch? Smart A-line Prince of Wales tailoring with (don't even ask). Or beautifully crafted perforated suede dresses. Many skirts had ribbed stitching from the knees (for matrons to shorten).

Everyone in fashion wants Galiano to have a commercial as well as critical success at Dior. But why clip the wings of his imagination to leave just the rich russet and teal blue African palette? The big fashion deal was that coats were elegantly reversible.

With other houses backing off the bourgeois and pushing creativity to the edge, Dior has to look to its laurels.

Ironically, the first standing ovation of the season went to Junya Watanabe for his creative, original take on Dior's New Look. Out came a model, black skirt, black full skirt and purse — that unfurled into a body-hugging jacket. But don't think fold-away waterproof! These were hour-glass jackets, ingeniously seamed with zippers or with the hips shaped by metallic hoops. Whether unfurling like flower petals from the shoulders or carried as muffs, they looked adorable.

Watanabe's imagination had flowered. Stenciled rose patterns on full skirts, moonlight silver flowers embroidered on slender dresses and hair laid in tresses over wire mesh were all part of a fresh vision of femininity.

Wrap and fold techniques that were once a Japanese preserve are appearing at Parisian fashion houses.

Think comfort blanket. At Louis Vuitton, tribal-pattern rugs were made into trenches, ponchos and even dresses, folded down the backbone. The designer Marc Jacobs put on a fine show, from the witty oversize backpacks and travel bags in shiny shades of purple, through high-waisted smocked skirts and pants.

After starting with a blank Vuitton canvas and a cool attitude, Jacobs has developed a signature travel theme, showing covetable coats, chic raincoats and the cutest sou'wester hats since Pad-



Junya Watanabe's pack-away jacket and flowered skirt, above, and Dior's African-inspired fringed knit with tweed skirt.



lington Bear. He is also daring to be creative, opening the show with a black-and-white mottled fur cape.

Jacobs understands that modern style is about making strong individual pieces, from zippered sweaters through knitted shoulder shrugs, geometric bangles in mineral colors and shoes with whisky-brown transparent heels. And don't forget the bags, from Lilliputian purses to giant hold-alls.

Hermes has another take on fashion: stealth wealth. The clothes are whisper quiet, but deep-pile luxury cocooned the handsome women who model for the designer Martin Margiela. First came knits: softly furrowed cashmere cardigans, then cumulus gray sweaters swooping into cowls. All were shown with wide, soft pants.

The Hermes version of the blanket was a stole, wrapped around the shoulders and falling straight with pockets at the front. Not warm enough for a hard winter? Then try a double coat — two layers for a cozy cover-up. Or a pair of shearing gauntlets. Or leather, softly padded or super-supple. After a quiet start at the house, with this collection, Margiela has successfully evolved his look for Hermes into noble classics.

Dries Van Noten has been subtly shifting his tack from ethnic and folkloric clothes to something more poetic and artistic. In the program actor for his fall show, the Belgian designer cited as influences Gustave Moreau and Mark Rothko, the Renaissance and Gothic.

That sounds preposterous, but the effect in the soaring vaults of the Conciergerie, tables laden with grapes and wine, was like seeing an Old Master painting come to life. The sweet-faced models came out in long, dark coats, often with raw edges, a flash of color in a russet skirt, bright purple gloves, or a single detachable sleeve. That intriguing theme was reinforced by sprays of fresh flowers or ribbon favors pinned to clothes or hair.

It was a romantic take on simple clothes, as pointed shoe-boots peeped from long dresses. Significantly, there were no pants in all this womanly grace.

You want to see what a designer can do with lengths of fabric? Then did Olivier Theyskens have the show for you! Well, you couldn't actually see much, what with the blinking strobe lights and greasy coils of hair. But out of the murk emerged towering edifices of cloth, worn, papoose-like, on the back.

The Belgian designer is a 22-year-old prodigy who molds coats out of black leather, hooks and eyes scurrying like an ant colony up a fur jerkin or skirt. The show was mesmerizing, maddening — but just what you want to see in Paris. With the lights on.

Don't miss the upcoming report:

Latin America Market Review

on March 15, 1999

INTERNATIONAL
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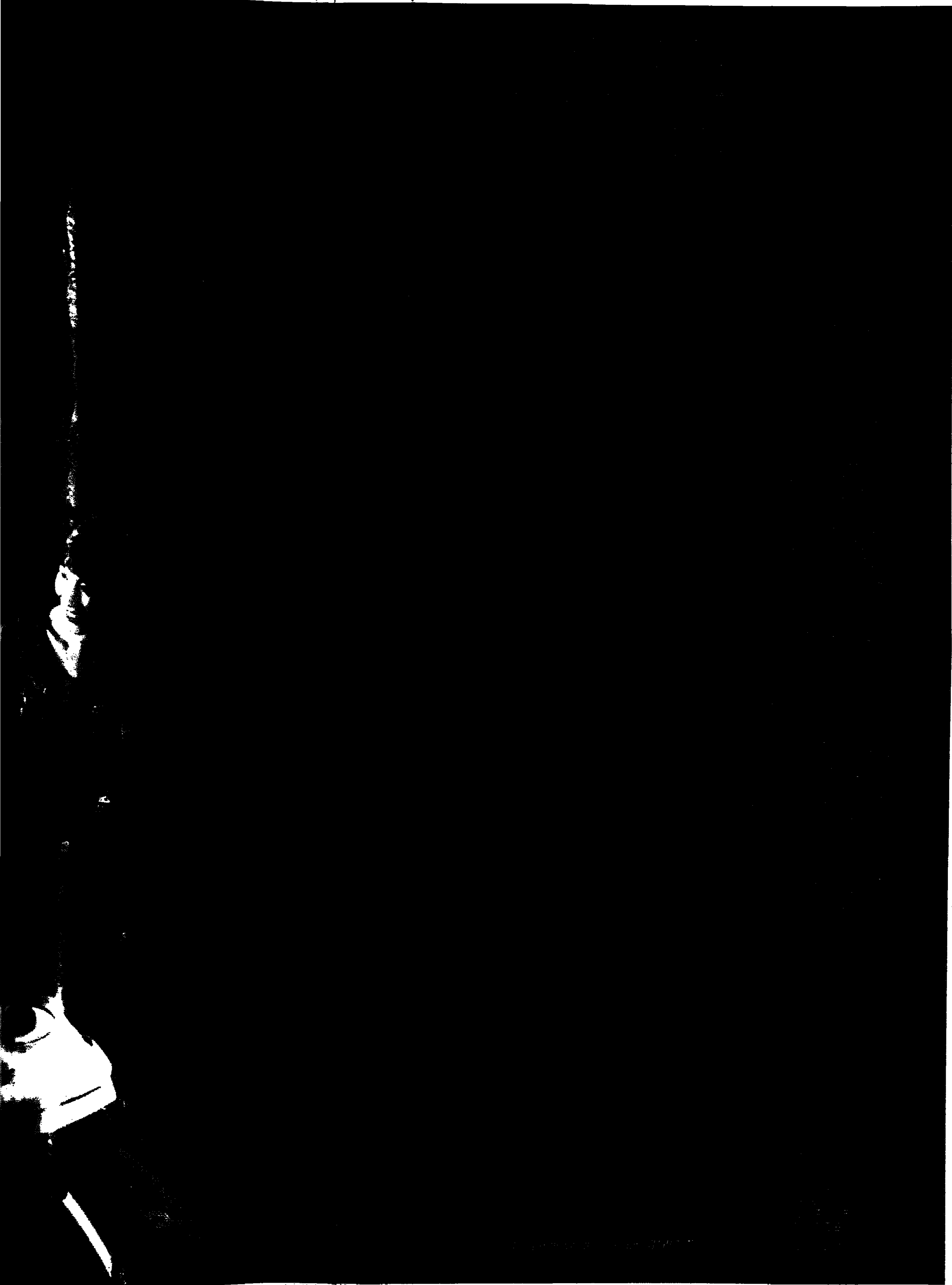
e. Bourgeois

CHANEL


FIRST CLASS



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Sony Comes To Grips With Digital Era

A Showdown Looms With Big PC Makers

By John Markoff
New York Times Service

SAN JOSE, California — Sony Corp. may have announced a sweeping overhaul of the company's identity Tuesday. But the transformation of Sony — and the battle for control of the future of computing between the personal-computer industry and consumer-electronics manufacturers — began as early as July 1995, shortly after Nobuyuki Ide became chief executive of the Japanese giant.

Briefing Mr. Ide on the importance of the Internet, Peter Sealey, a Sony consultant, noted that the year before, the dollar volume of PC sales had surpassed that of television sales in the United States for the first time.

"He stopped the meeting and challenged my data," Mr. Sealey recalled. "I think it was a shock to him that this had happened."

But if Mr. Ide's education about the rapidly expanding world of personal computing was abrupt, Sony's conversion to a digital products strategy has been complete.

On Tuesday it announced a transformation in the company's identity

Mortal Kombat

As the personal computer and consumer electronics industries converge, Sony and Microsoft find themselves clashing in a number of markets. At the core of the fight are rival operating systems — Sony's new AperiOS software and Microsoft's Windows CE. But there are also rival philosophies. Microsoft thinks that the desktop PC will be the control center for a home's digital appliances. Sony says the brainpower will be in the appliances themselves, making the home PC obsolete.

from a manufacturer of consumer electronics to a provider of digital network services, a plan that it said would eliminate 17,000 jobs and close 15 manufacturing plants around the world.

For decades the world's pre-eminent consumer electronics maker, Sony has now realized that its core business is being profoundly transformed by digital electronics in ways that pose both opportunities and threats.

In a huge strategic shift for a company that long relied on the elegance of its industrial design and the prestige of its brand name, Sony has come to recognize, its executives say, that a new era is arriving in which clever software, above all else, will determine whether products from televisions to telephones



INTERACTIVE TELEVISION
The initial television is a new set-top box that will be available to some cable subscribers later this year. Cable operators will decide whether to install AperiOS, Windows CE or other software.

Proj. units sold, 2002: 7.5 MILLION



DIRECT BROADCAST SATELLITE TELEVISION
Within a year, the first TVs with built-in satellite receivers will be on sale, pitting AperiOS and Windows head to head.

Proj. units sold, 2002: 14 MILLION



"SMART" PHONES
Sony and Microsoft have alliances with Qualcomm to develop phones that can download from the Web, keep calendars and electronic phone books and otherwise mimic PCs.

Proj. units sold, 2002: 6.5 MILLION



VIDEO GAMES
Sony next year will sell PlayStation II, a new version of its game system that can serve as a Web browser and play music and video disks. Sega's new Dreamcast machine will use Windows CE.

Proj. units sold, 2002: 16.5 MILLION



ELECTRONIC TOYS
Microsoft sells interactive versions of Barney and other characters, powered by Windows CE. Sony will soon sell robot "pets" controlled by AperiOS.

Proj. sales, 2002: \$1.66 BILLION

Sources: Yankee Group; International Data Corp.; Forrester Research Inc.

succeed or fail in the marketplace.

That sets the stage for a grand confrontation. On one side are Sony and its peers in the consumer-electronics business. On the other is the personal-computer industry.

Microsoft Corp. and Intel Corp., the twin engines of the PC world, are eagerly looking for new markets in which to expand.

Beginning with the cable set-top box in the living room — a box they say will bring the power of the Internet to tens of millions of TV viewers who do not now use computers — they have a vast range of Windows-based products on the drawing board, including toys, phones, even computers for the car that will do everything from read aloud to help you with navigation.

Microsoft's strategy is to recreate the powerful business model of the personal-computer industry in consumer electronics.

At the center would be Windows CE, a scaled-down version of the Windows desktop software that is now familiar mostly in palm-size computers, where it has been slow to win converts. It would be the foundation for tens of thousands of vibrant software applications and an intensely competitive market of hardware makers all vying to compete on price and performance.

Moreover, the PC itself would control an ever-expanding world of "smart" peripherals — TVs, audio systems, telephones, kitchen appliances and other electronic gadgets.

"This isn't the post-PC era — it's

the PC-plus era," said Craig Mundie, Microsoft's senior vice president for consumer strategy. "The PC may be simpler to use in the future, but it will still broker lots of home services and control other smart appliances."

That vision presents a potentially grim future for Sony's \$38 billion consumer-electronics business. As a global standard-setter, Sony has seen big margins and big market shares. But the "PC-ization" of consumer electronics would most likely mean a world of increasing uniformity and low margins like those that computer makers have experienced.

Sony's view of the digital future is far more decentralized. Its product de-

See BATTLE, Page 14

Bundesbank Cites Fall in Joblessness

Bank Puts German Rate At 2½-Year Low of 10.5%

Compiled by Our Staff From Dispatches

FRANKFURT — The unemployment rate fell to a two-and-a-half year low of 10.5 percent in February, Bundesbank figures showed Tuesday, indicating that the global economic slowdown had not yet hit the job market in Europe's biggest economy.

Seasonally adjusted figures showed the jobless total fell by 6,000, compared with a drop of 66,000 in January, when the jobless rate was 10.6 percent.

The figures show that the German labor market "wasn't affected as much by the global slowdown as we expected," said Holger Fahnkrug, an economist at Warburg Dillon Read. "There will be less pressure on the ECB to cut rates," he said, referring to the European Central Bank.

Still, the jobs report is unlikely to take pressure off Chancellor Gerhard Schröder, who was elected last year after pledging to slash unemployment — especially as the government's own jobless figures, which unlike the Bundesbank numbers are not adjusted for seasonal variations, showed unemployment rose to 11.6 percent from 11.5 percent.

Economists said unemployment in Germany could rise in coming months as a result of union-negotiated contracts that will increase wages above the rate of inflation for millions of workers.

Some of the jobs that were created were the result of government-funded programs, analysts said. Meanwhile, many companies have said they are reluctant to hire.

Economists said the German economy, which shrank by 0.4 percent in the final quarter of 1998 from the third quarter, was struggling to create new jobs.

Consumer spending, however, is still buoyant in both Germany and France, economic reports have showed.

The consumer confidence index in France was unchanged at minus seven in February, the same as in January and the highest in the 12 years that the index has existed, a government report released Tuesday showed. Consumer spending accounts for about 60 percent of gross domestic product in France.

(Bloomberg, Reuters)

Imitating Automakers, Aerospace Goes 'Lean' to Gain Efficiency

By Andrew Pollack
New York Times Service

CHULA VISTA, California — Two years ago, the aerospace division factory of B.F. Goodrich Co. fell so far behind schedule producing parts for the new Boeing 737-700 that Boeing Co. threatened to terminate the contract.

"We had rats of Boeing people coming down here helping us get on schedule," recalled Martin Lodge, an executive at Goodrich.

Today, Boeing people are still coming

— but to help get themselves back on schedule. This factory has significantly improved its efficiency using so-called lean production, the collection of techniques first perfected by Toyota Motor Corp. and Boeing, facing serious production problems of its own, has sent more than 300 people here to learn how it's done.

A decade after American automakers and many other companies began adopting just-in-time delivery and other "lean" manufacturing techniques, the aerospace industry is embracing the

INTERNATIONAL MANAGER

concept to cut costs in the face of reduced military spending and stiff competition from the European commercial-aircraft maker Airbus Industrie.

Executives are now bandying about Japanese terms such as *kaizen* (continuous improvement) and *kanban* (the just-in-time system), and they are applying them well enough to achieve some startling efficiency gains in an industry long known as much for high costs and waste-

ful procedures as for cutting-edge technology.

At the Boeing factory in Long Beach, California, for instance, production of the C-17 military transport has been doubled in the past three years without an increase in staffing. That has helped save the Pentagon hundreds of millions of dollars, said Richard Harstad, the Air Force's chief of manufacturing and quality for the C-17.

Industry executives and analysts said aerospace manufacturers had lagged in adopting lean techniques mostly because

Pentagon contracts generally reimbursed them for their costs and they have been insulated from the foreign competition that has hit other industries.

"The automobile industry had the advantage, if you can call it that, of an early threat," said Thomas Allen, a professor of management at Massachusetts Institute of Technology who is co-director of the Lean Aerospace Initiative, an MIT program supported by the Air Force and many aerospace companies to spread

See AEROSPACE, Page 14

Intel Shies From Courtroom Fisticuffs

By Rajiv Chandrasekaran
Washington Post Service

WASHINGTON — Their products run most of the world's personal computers. Their chairman is among the best-known industry leaders of our time. Their senior employees have all become millionaires.

But when it comes to dealing with antitrust issues, the computer chip giant, Intel Corp., has decided that it does not want to go down the same path as the software titan Microsoft Corp.

On Monday, the eve of its trial, Intel agreed to a settlement of charges brought against it by the Federal Trade Commission.

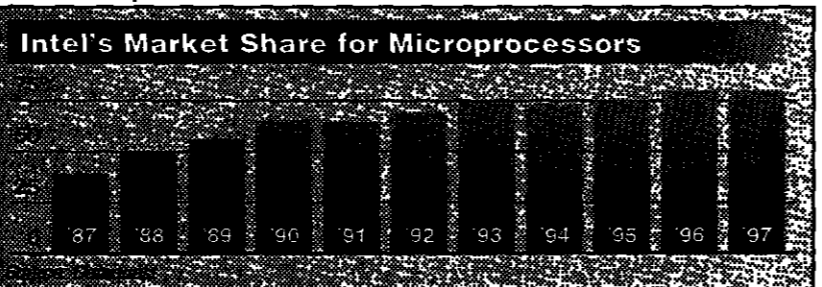
At issue was Intel's refusal to share technical details of its microprocessor chips with companies that build computers unless those companies agreed to turn over their own technologies in exchange. The government suit asserted that such practices violated federal antitrust law.

As part of the proposed deal, Intel agreed to abide by an order that prohibits it from pressuring computer manufacturers to turn over their own technology in exchange for technical information about Intel's chips, people involved in the case said.

Although government officials and Intel executives said they could not disclose the precise terms of the proposed settlement until it had been formally submitted to the Federal Trade Commission, officials did say that it achieved the purpose of the lawsuit.

"The commission sought to establish a principle, and the staff believes the proposed agreement achieves that goal," said Victoria Streifeld, the agency's chief spokeswoman. "The staff got the relief it wanted."

In its legal battle with the Justice Department and 19 states, Microsoft has refused to cede an inch — no matter what the fallout. In negotiations before the suit was filed, the company indicated



to government lawyers that it would be unwilling to make any significant changes to its dominant Windows operating system, the software at the center of the dispute.

As its trial began, Microsoft refused to apologize for the sometimes-tough language its employees have used in internal electronic mail messages to describe competitors, telling the judge hearing the case that "the antitrust laws are not a code of civility in American business."

That trash attitude, on a few occasions, appears to have irritated the federal judge hearing the case and has led to a spate of negative publicity outside the courtroom.

And because the government has expanded its case from a narrow dispute over Internet browsers to a broad assault on the company's business practices, Microsoft also could face the prospect of aggressive sanctions should it lose. This could take the form of a corporate breakup or a forced disclosure of the computer code that makes up Windows software.

Those are risks, it appears, that Intel did not want to take.

By announcing that it will settle, Intel, already reeling from criticism about privacy problems with its new Pentium III chips, avoids a weeks-long stream of bad press as competitors allege they have been roughed up by the company. Intel also will not risk being declared a monopoly by the commission, a finding that could open the door to a host of private

antitrust lawsuits. Nor will Intel have to worry about a long court fight distracting its executives.

"The Microsoft trial has taught us how unpredictable and dangerous trials are, particularly in the way they provide a forum for reviewing the innermost details of a company's decision-making and potentially rupturing relationships with customers and other important industry participants," said William Kovacic, a former lawyer with the Federal Trade Commission who now is a law professor at George Washington University.

"In the Intel case, they presumably made a judgment they could live with some of what the FTC wanted," said Robert Litan, a former Justice Department antitrust official who now is the director of economic studies at the Brookings Institution. "It wasn't worth exposing their dirty laundry to America."

Intel has long taken a less confrontational approach than Microsoft in dealing with antitrust issues. Intel executives have maintained a constant dialogue with antitrust enforcers, while Microsoft and the Justice Department rarely talk outside the courtroom. Intel has internal antitrust policies and instructs its executives about the sorts of things they cannot do and say, given the company's dominant position in the market. At Microsoft, its executives have testified that such advice is given only on an ad hoc basis.

CURRENCY RATES

Cross Rates					March 9					Other Dollar Values					March 9				
	\$	£	SF	Yen	CS	Drac	Mark	Scrub		Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
London (d)	1.6148	—	2.3655	195.98	2.4485	11.0234	47.676	13.2426		Argentine peso	0.0095	Hong Kong	7.7563	N. Zealand	1.8227	Sov. rouble	16.25		
New York (d)	—	1.6191	1.4668	121.015	1.2191	6.8562	295.11	8.2167		Australian \$	1.593	Indian rupee	42.465	Norw. krone	7.8715	S. Africa rand	6.155		
Tokyo	121.50	195.98	83.13	—	—	—	—	—		Brazilian real	1.93	Indon. rupiah	900.00	Pakistani rupee	50.90	S. Korea won	128.5		
Yoruko	1.5159	2.446	1.9368	1.2489	—	0.2222	0.5136	0.185		Chinese yuan	8.27	Israeli sheqel	4.0318	Phil. peso	20.11	Taiwan \$	23.16		
Zurich	1.4674	2.3681	—	1.2081	0.9577	21.4674	0.4964	0.1791		Czech koruna	34.54	Latvian pound	199.00	Polish zloty	3.90	Thai baht	27.47		
One euro	1.0863	0.6754	1.9331	132.45	1.4447	7.4229	321.65	8.938		Egypt, pound	3.1418	Malay. ringgit	3.7999	Saudi riyal	3.75	UAE dirham	3.671		
One SDR	1.2457	0.8442	1.9632	167.29	2.0893	9.2498	401.01	11.1523		Hong Kong \$	7.7483	Malaysian peso	9.77	Singapore \$	1.755	Vietnam, dong	578.25		

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World Headquarters of Republic National Bank of New York in New York

EUROPE

Aerospatiale Profit Falls On Hedging

Compiled by Our Staff From Dispatches

PARIS — Aerospatiale said Tuesday its 1998 profit fell 27 percent as it set money aside to pay for restructuring and to hedge risks on plane contracts and currency swings.

The company also said it would separate its activities into four units beginning April 1, "to allow for the restructuring of the European aerospace and defense industries."

Profit at the French aerospace and defense company fell to 1.04 billion francs (\$172.7 million) from 1.42 billion francs last year. The company took a provision of 1.4 billion francs for its Airbus and turbopropeller activities, 699 million francs for currency risks and 517 million francs for restructuring.

Aerospatiale said that its Airbus activities contributed a loss of 68 million francs in 1998, compared with a profit of 1.13 billion francs the year before.

The company hedged against risks linked to potential defaults by clients. For example, Transportes Aereos Regionais SA of Brazil could have trouble paying for 38 planes worth about \$1.5 billion it ordered last year after the Brazilian currency slumped.

The 2.6 billion francs in charges overshadowed record deliveries of 229 Airbus aircraft worth \$13.3 billion. Aerospatiale owns 37.9 percent of Airbus.

The company said it would create four separate units for its main activities — Airbus planes, turbopropellers built by Avions de Transport Regional, missiles and rocket launchers. (Bloomberg, AFP)

Ahold to Buy Pathmark Stores

Bloomberg News

ZAANDAM, Netherlands — Royal Ahold NV said Tuesday it would expand its U.S. supermarket holdings by purchasing Pathmark Stores Inc. of New Jersey for 1.6 billion euros (\$1.76 billion) including the assumption of debt.

Ahold also reported that fourth-quarter profit rose 36 percent from a year earlier, to 174.7 million euros, bolstered by the purchase last year of Giant Food Inc. of Landover, Maryland. For 1999, it forecast profit growth of between 15 percent and 20 percent, at constant exchange rates.

The Dutch company became the fifth-largest food retailer in the United States after completing the \$2.8 billion purchase of Giant in October. It now gets more than half of its sales from the United States.

"This looks like a good acquisition in the Northeastern U.S., where Ahold already has other activities, and the integration will lead to cost benefits," said Patrick Roques, an analyst at ING Barings. "The question is, whether there will be any regulatory problems with the Federal Trade Commission and what the effect of any new shares will be."

Ahold reached an agreement to acquire all the shares outstanding of SMG-II Holdings Corp., a holding company that controls Pathmark through its subsidiary Supermarkets General Holdings Corp.

Ahold will add about \$250 million to SMG-II's stock and will assume about \$1.5 billion in Pathmark's debt.

Pathmark, with headquarters in Carteret, New Jersey, has

132 supermarkets in metropolitan New York City, New Jersey, Pennsylvania and Delaware. Ahold said they had 1998 sales of \$3.7 billion.

Ahold's shares closed down 95 cents at 32.55 euros.

Further detailing its earnings, Ahold said profit rose last year to \$472 million euros from \$23.8 million euros in 1997. It said Jan. 8 that 1998 sales rose nearly 16 percent, to 26.5 billion euros, helped by revenue from acquisitions in Latin America and the United States.

In South America, Disco Ahold International Holdings NV, a 50-50 joint venture with Grupo Velox of Argentina, completed a tender offer last year for Disco SA, raising its stake in Argentina's leading food retailer to 90.3 percent.

Socialists Target High Euro-Zone Fees

By Barry James
International Herald Tribune

BRUSSELS — The powerful Socialist group in the European Parliament on Tuesday demanded legislation to prevent banks from charging excessive amounts to exchange bank notes within the European single-currency zone.

The conversion rates among the 11 countries adopting the euro were irrevocably fixed before the currency was launched on Jan. 1, removing foreign-exchange risks. The separate currencies in effect became units of the euro.

Nevertheless, banks are continuing to charge handling fees in many

cases that are as much as the exchange-rate commissions they charged previously.

The chairwoman of the Parliament's monetary subcommittee, Christa Randzio-Plath, said the fees ranged up to 3.75 percent at a leading German bank.

Many banks impose minimum fees, and one bank in Luxembourg even charges twice as much for exchanging Italian lire as it does for French francs or Deutsche marks.

In a motion to be debated Wednesday by the Parliament, the Socialists expressed "deep concern as to the high level of bank charges for conversion transactions between currencies participating in the euro

zone, including charges for cross-border payments."

The European Commission, the EU's executive body, recently raided several banks seeking evidence of collusion. The commission says that banks should be able to recover reasonable handling costs, but has attacked far higher fees for cross-border transactions than for those within the same country.

The commission is seeking a code of conduct by the end of next month to ensure transparency of bank charges.

But the Socialist group said it may be necessary to supplement this voluntary move with legislation to enforce reasonable pricing.

Lawsuit Deal In U.S. Trims BAT's Profit

Bloomberg News

LONDON — British American Tobacco PLC said Tuesday its pretax profit slid 16 percent in 1998, largely because of a legal settlement reached in November by tobacco companies and state governments in the United States.

BAT, the second-largest tobacco company after Philip Morris Cos., also warned that its first-quarter profit would probably be lower than that of the 1998 quarter.

Pretax profit last year fell to £738 million from £875 million in 1997. BAT said it spent £613 million on costs related to the settlement and that a 41 percent drop in profit from Asia also reduced earnings. Sales slipped to £17.3 billion from £17.8 billion.

"It's clearly going to take a year or two for their earnings growth to get back on track," said Trevor Moss of Robert Fleming Securities. "The results will dampen enthusiasm in the short term."

The company said in January that it would buy Rothmans International from C&L Financiere Richemont AG for £4.6 billion in stock.

BAT's stock closed at 557.5 pence, down 15 pence.

■ Zurich Plans Hefter Charge

Zurich Financial Services AG said it would take a \$2.4 billion charge, \$1 billion more than it forecast in September, to integrate BAT Industries PLC's financial-services unit, Bloomberg reported from Zurich.

But the company said 1998 profit before charges would exceed its target of 15 percent growth.

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5800	6600	4400
5400	6200	4100
5000	5800	3800
4600	5400	3500
4200	5000	3200
3800	4600	2900
3400	4200	2600
3000	3800	2300
2600	3400	2000
2200	3000	1700
1800	2600	1400
1400	2200	1100
1000	1800	800
600	1400	500
200	1000	200

Source: Reuters

Very briefly:

- European auto sales will fall at least 5 percent this year and as much as 20 percent — or about 3 million cars — next year, the Economist Intelligence Unit predicted. The declines will hit PSA Peugeot Citroen and Renault of France and Fiat SpA of Italy particularly hard, the research group said.
- Porsche AG's first-half net profit rose 68 percent from a year ago, to 60 million euros (\$65.3 million), as sales rose 30 percent, to 1.3 billion euros, and the number of sports cars sold rose 26 percent, to 18,782.
- Bayer AG's 1998 net profit rose 8.8 percent, to 3.2 billion Deutsche marks (\$1.78 billion), as sales slipped 100 million DM to 54.9 billion DM amid low prices. The chemicals company plans to buy back as much as 10 percent of its shares.
- Saab Automobile AB said General Motors Corp. would open talks July 31 on buying the 50 percent of the Swedish carmaker it does not yet own. (AFP, Bloomberg, AP)

WORLD STOCK MARKETS

Tuesday, March 9
Prices in local currencies
in euros for ECU countries.

High Low Close Prev.

Amsterdam AEX Index: 323.37

ABN-AMRO 18.05

Alkermid 34.20

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High Low Close Prev.

Bombay S&P 500 Index: 2794.11

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High Low Close Prev.

Kuala Lumpur Composite: 2083.83

Malayan Banking 11.15

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China Lifts Dollar-Savings Rate to Stem Outflow



Upbeat Reports For South Korea

SEOUL — Business confidence in South Korea has continued to improve, and bank lending has risen for the first time in seven months, reports showed Tuesday, further evidence that the economy may be rebounding from its worst recession in 45 years.

The business survey index, an indicator of corporate expectations, rose to 106 in March from 101 in February, with both domestic demand and exports forecast to pick up, according to the Federation of Korean Industries, a lobbying group for the 30 largest conglomerates.

The rise was the second in a row after 30 consecutive months of decline. An index level above 100 means business conditions are expected to improve.

Bank loans outstanding totaled 239.5 trillion won (\$193.38 billion) at the end of February, 511.8 billion won more than a month earlier and the first increase since July, the Bank of Korea said.

The partnership with Hongkong Telecom, to be known as Zoom, will help deliver Internet services, including electronic mail, movies and software rentals, on Telecom's high-speed network. No financial terms of the deal were disclosed.

March 9, 1999

<http://www.jht.com/IHT/FUN/funds.html>

The data in the list above is the data supplied by the fund groups to Standard & Poor's Microcap SA, is collected and reformatted into the list before being transmitted to the IHT. Standard & Poor's Microcap and the IHT do not warrant the quality or accuracy of the list, the data or the performance of funds of the Fund Groups and will not be liable for any loss, the data of Fund Group to any extent. The list is not and shall not be deemed to be an offer by the IHT or Standard & Poor's Microcap to sell securities or investments of any kind. Investments can fall as well as rise. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent advisor before investing.

INTERNATIONAL INVESTING

CEOs Display Their Spring Green: It's the Season of Financial Disclosure

By Allan Sloan
Washington Post Service

WALL STREET WATCH



Sumner Redstone of Viacom, left and Michael Dell of Dell Computer are standouts in this year's proxy statements.

NEW YORK — It's time for one of those annual springtime events: proxy season, when companies' proxy statements begin flooding the mailboxes of stockholders, revealing how many millions in pay and perks top executives scarfed up in the past year or so.

Normally, the people who get the most attention during proxy season are chief executives of companies whose stocks have been so doggy you can almost hear them barking. But instead of picking on losers, let's look at winners — the folks who are loaded with stock in their own companies but still take stock options as part of their pay packages.

Is any useful purpose served by heaping options on top of already massive stock holdings — what Wall Street calls piling pig on pork?

To find these people, Institutional Shareholder Services did an analysis matching its compensation database against the compensation of the 40 richest people in

the Forbes 400 list of wealthy individuals. ISS advises proxy investors on how to vote their shares, and it has nothing against stock options and big pay packages per se. Its only concern is whether these deals are good for shareholders.

"Options are supposed to be incentive pay," says Patrick McGurn, an ISS vice president who performed the study. "How much more incentive do you need when you already own billions of dollars' worth of stock?"

ISS turned up seven grantees in fields from com-

puter to cosmetics to cruise ships. These people run companies with publicly traded stock whose most recent proxy statement showed them getting stock options. The study also turned up a list of executives who could have taken options but didn't.

At the head of the options-taking list is the fourth-richest person in America: Michael Dell of Dell Computer Corp. Dell's shares are up more than 100-fold in five years, creating stacks of "Dellonaires." Many people — including Dell spokesmen — think it's absurd to question Mr. Dell's pay package.

"You'd be hard pressed to find any Dell shareholders who would object to his package," a spokesman said.

Granting that, what purpose other than enriching Michael Dell was served by giving him 6.4 million options (adjusted for stock splits) in 1998? He already owns 190 million shares and his \$16 billion stake offers him ample incentive to get the stock price up.

Yet, at the same time the company is giving him stock options as reward and incentive, Mr. Dell, 34, is selling stock by the boatload. He has unloaded more than \$725 million of his shares in the past 15 months, according to CDA/Investment data. Diversifying his holdings makes sense. But why take options at the same time that he's selling stock?

Now for a crucial point: Even though granting options doesn't hurt a company's reported profit, it does convey substantial wealth from the company — and, by extension, from its shareholders — to the option recipient.

Mr. Dell's 10-year options gave him the right to buy stock

that was then worth \$75 million and now is worth about \$550 million. Having options on \$75 million of stock is better than owning it, because you make money if the stock rises but don't lose if it falls. And, of course, you don't have to shell out \$75 million. The company valued these options at \$33.5 million when it gave them to Mr. Dell.

Now consider this: If Dell

wants to make good on those options without diluting existing holders' stakes in the company, it will have to pay \$550 million for stock it will sell to Mr. Dell for \$75 million. If instead it sells Mr. Dell new stock, it will reduce everyone else's proportionate stake.

Summer Redstone of Viacom Inc., who owns \$8.7 billion of stock, is an unusual case. He took no salary or

options from Viacom from the day he took over in 1987 until 1996, when he became chief executive. He's still not taking any salary or bonus but is now taking options.

"The board decided it wanted him to take compensation," a Viacom representative said. "He's never sold a share, and he says he never will." Sure, but how does this help other shareholders?

To options aficionados, Larry Ellison of Oracle Corp. would be a likely candidate for our list. He took hefty options grants for years but didn't take any in the most recent proxy filing. He may be the exception that proves the rule. As Mr. McGurn of ISS says, "Do you think Ellison worked any less hard last year, when he had no options, than he did in the years he got them?"



groupe Promodès

1998 results
Promodès net income up 18.6%

In millions in FRF	1998	1997	% Change 1998/1997
Sales - trade volume including VAT*	32,561	26,155	+24.5%
Consolidated net sales	213,584	171,567	+24.5%
Operating income	19,619	16,871	+16.3%
Consolidated net income before minority interests	487	434	+12.0%
Net income	3,260	2,848	+14.5%
Earnings per share	2.113	1.812	+16.7%
	293	247	+18.6%
	1,920	1,619	+18.6%
	€ 15.29	€ 12.90	+18.6%
	FRF 100.3	FRF 84.6	+18.6%

* Sales - trade volume including VAT corresponds to sales under Promodès Group banners + sales for companies accounted for by the equity method belonging to Promodès purchasing organizations

Sales grew sharply in 1998 with a 24.5% rise in, and consolidated net sales up 18.3%.

The advance in sales outpaced growth in prior years and partly reflected recent acquisitions of new subsidiaries and equity interests by the Group.

Operating income rose by 14.5% from € 434 million (FRF 2,848 million) to € 487 million (FRF 3,260 million). Excluding the impact of acquisitions, underlying growth was 9.1% for consolidated sales and 12.9% for operating income.

Net income came to € 293 million (FRF 1,920 million), up

18.6% year-on-year, as was earnings per share, at € 15.29 (FRF 100.3).

Cash flow stood at € 677 million (FRF 4,439 million) a 31.2% rise on the year-earlier figure.

The Board of Directors will propose a net dividend of € 3 (FRF 19.68), a 15.8% increase on 1997, to the Annual General Meeting.

All Promodès shareholders are invited to the Annual General Meeting, to be held on May 19 1999, 2 p.m. at the Carrousel du Louvre in Paris, France.

PROMODES ON INTERNET: <http://www.promodes.fr>

Very briefly:

- The Hong Kong stock exchange named the local investment-banking arm of Merrill Lynch & Co. as its financial adviser for the merger and listing of its cash and futures markets. The merger, to be completed in about seven months, is aimed at improving the market's stock-trading technology and regulatory environment and increasing its competitiveness. Singapore and Sydney also are considering merging their stock and futures exchanges to try to become the leading financial center in Asia.
- Julius Baer Holding AG repurchased the 11 percent of its shares held by UBS AG. The company said the shares, which represent 6.6 percent of the voting stock, or 2.5 percent of the dividend-bearing capital, were part of a share buy-back program totaling 123 million Swiss francs (\$84.1 million).
- Malaysia is increasing the minimum capital required for stock listings on the Second Board of the Kuala Lumpur Stock Exchange to expand the free float of shares and the market's liquidity. Beginning in April, companies will need a minimum

- of 40 million ringgit (\$10.5 million) of capital for a listing, up from 10 million ringgit, the market's regulatory body said.
- Vietnam imposed a 10 percent withholding tax on interest payments on offshore loans that shares not only foreign contractors but also banks and law firms, foreign analysts say. Allan Marlin, general manager of ANZ Bank in Vietnam, said his understanding was that banks that borrowed money from their offshore parents now had to pay withholding tax on the interest payments.
- Citigroup Inc. may not have had a stellar year in 1998, but its co-chairmen, John Reed and Sanford Weill, made out handsomely. Each executive received more than \$26 million in total compensation and stock options, according to a proxy statement Citigroup filed this week. Mr. Reed's compensation totaled about \$26.4 million, while Mr. Weill received about \$27.2 million. Citigroup's operating earnings fell 27 percent in the fourth quarter to \$1.4 billion, compared with pro-forma figures for 1997.

INTERNATIONAL FUNDS

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PTL</td><td>5.57</td><td>155 M&P FUND MANAGEMENT</td><td>7.26</td><td>269 M&P FUND MANAGEMENT</td><td>1.14</td><td>403 M&P FUND MANAGEMENT</td><td>1.14</td><td>537 M&P FUND MANAGEMENT</td><td>1.14</td><td>671 M&P FUND MANAGEMENT</td><td>1.14</td><td>805 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>150 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>156 M&P FUND MANAGEMENT</td><td>7.26</td><td>270 M&P FUND MANAGEMENT</td><td>1.14</td><td>404 M&P FUND MANAGEMENT</td><td>1.14</td><td>538 M&P FUND MANAGEMENT</td><td>1.14</td><td>672 M&P FUND MANAGEMENT</td><td>1.14</td><td>806 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>151 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>157 M&P FUND MANAGEMENT</td><td>7.26</td><td>271 M&P FUND MANAGEMENT</td><td>1.14</td><td>405 M&P FUND MANAGEMENT</td><td>1.14</td><td>539 M&P FUND MANAGEMENT</td><td>1.14</td><td>673 M&P FUND MANAGEMENT</td><td>1.14</td><td>807 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>152 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>158 M&P FUND MANAGEMENT</td><td>7.26</td><td>272 M&P FUND MANAGEMENT</td><td>1.14</td><td>406 M&P FUND MANAGEMENT</td><td>1.14</td><td>540 M&P FUND MANAGEMENT</td><td>1.14</td><td>674 M&P FUND MANAGEMENT</td><td>1.14</td><td>808 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>153 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>159 M&P FUND MANAGEMENT</td><td>7.26</td><td>273 M&P FUND MANAGEMENT</td><td>1.14</td><td>407 M&P FUND MANAGEMENT</td><td>1.14</td><td>541 M&P FUND MANAGEMENT</td><td>1.14</td><td>675 M&P FUND MANAGEMENT</td><td>1.14</td><td>809 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>154 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>160 M&P FUND MANAGEMENT</td><td>7.26</td><td>274 M&P FUND MANAGEMENT</td><td>1.14</td><td>408 M&P FUND MANAGEMENT</td><td>1.14</td><td>542 M&P FUND MANAGEMENT</td><td>1.14</td><td>676 M&P FUND MANAGEMENT</td><td>1.14</td><td>810 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>155 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>161 M&P FUND MANAGEMENT</td><td>7.26</td><td>275 M&P FUND MANAGEMENT</td><td>1.14</td><td>409 M&P FUND MANAGEMENT</td><td>1.14</td><td>543 M&P FUND MANAGEMENT</td><td>1.14</td><td>677 M&P FUND MANAGEMENT</td><td>1.14</td><td>811 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>156 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>162 M&P FUND MANAGEMENT</td><td>7.26</td><td>276 M&P FUND MANAGEMENT</td><td>1.14</td><td>410 M&P FUND MANAGEMENT</td><td>1.14</td><td>544 M&P FUND MANAGEMENT</td><td>1.14</td><td>678 M&P FUND MANAGEMENT</td><td>1.14</td><td>812 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>157 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>163 M&P FUND MANAGEMENT</td><td>7.26</td><td>277 M&P FUND MANAGEMENT</td><td>1.14</td><td>411 M&P FUND MANAGEMENT</td><td>1.14</td><td>545 M&P FUND MANAGEMENT</td><td>1.14</td><td>679 M&P FUND MANAGEMENT</td><td>1.14</td><td>813 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>158 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>164 M&P FUND MANAGEMENT</td><td>7.26</td><td>278 M&P FUND MANAGEMENT</td><td>1.14</td><td>412 M&P FUND MANAGEMENT</td><td>1.14</td><td>546 M&P FUND MANAGEMENT</td><td>1.14</td><td>680 M&P FUND MANAGEMENT</td><td>1.14</td><td>814 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>159 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>165 M&P FUND MANAGEMENT</td><td>7.26</td><td>279 M&P FUND MANAGEMENT</td><td>1.14</td><td>413 M&P FUND MANAGEMENT</td><td>1.14</td><td>547 M&P FUND MANAGEMENT</td><td>1.14</td><td>681 M&P FUND MANAGEMENT</td><td>1.14</td><td>815 M&P FUND MANAGEMENT</td><td>1.14</td></tr><tr><td>160 MERRILL LYNCH AMER. INC. PTL</td><td>5.57</td><td>166 M</td></tr></table>	114 MERRILL LYNCH AMER. INC. PTL	5.57	120 M&P FUND MANAGEMENT	7.26	234 M&P FUND MANAGEMENT	1.14	368 M&P FUND MANAGEMENT	1.14	502 M&P FUND MANAGEMENT	1.14	636 M&P FUND MANAGEMENT	1.14	770 M&P FUND MANAGEMENT	1.14	115 MERRILL LYNCH AMER. INC. PTL	5.57	121 M&P FUND MANAGEMENT	7.26	235 M&P FUND MANAGEMENT	1.14	369 M&P FUND MANAGEMENT	1.14	503 M&P FUND MANAGEMENT	1.14	637 M&P FUND MANAGEMENT	1.14	771 M&P FUND MANAGEMENT	1.14	116 MERRILL LYNCH AMER. INC. PTL	5.57	122 M&P FUND MANAGEMENT	7.26	236 M&P FUND MANAGEMENT	1.14	370 M&P FUND MANAGEMENT	1.14	504 M&P FUND MANAGEMENT	1.14	638 M&P FUND MANAGEMENT	1.14	772 M&P FUND MANAGEMENT	1.14	117 MERRILL LYNCH AMER. INC. PTL	5.57	123 M&P FUND MANAGEMENT	7.26	237 M&P FUND MANAGEMENT	1.14	371 M&P FUND MANAGEMENT	1.14	505 M&P FUND MANAGEMENT	1.14	639 M&P FUND MANAGEMENT	1.14	773 M&P FUND MANAGEMENT	1.14	118 MERRILL LYNCH AMER. INC. PTL	5.57	124 M&P FUND MANAGEMENT	7.26	238 M&P FUND MANAGEMENT	1.14	372 M&P FUND MANAGEMENT	1.14	506 M&P FUND MANAGEMENT	1.14	640 M&P FUND MANAGEMENT	1.14	774 M&P FUND MANAGEMENT	1.14	119 MERRILL LYNCH AMER. INC. PTL	5.57	125 M&P FUND MANAGEMENT	7.26	239 M&P FUND MANAGEMENT	1.14	373 M&P FUND MANAGEMENT	1.14	507 M&P FUND MANAGEMENT	1.14	641 M&P FUND MANAGEMENT	1.14	775 M&P FUND MANAGEMENT	1.14	120 MERRILL LYNCH AMER. INC. PTL	5.57	126 M&P FUND MANAGEMENT	7.26	240 M&P FUND MANAGEMENT	1.14	374 M&P FUND MANAGEMENT	1.14	508 M&P FUND MANAGEMENT	1.14	642 M&P FUND MANAGEMENT	1.14	776 M&P FUND MANAGEMENT	1.14	121 MERRILL LYNCH AMER. INC. PTL	5.57	127 M&P FUND MANAGEMENT	7.26	241 M&P FUND MANAGEMENT	1.14	375 M&P FUND MANAGEMENT	1.14	509 M&P FUND MANAGEMENT	1.14	643 M&P FUND MANAGEMENT	1.14	777 M&P FUND MANAGEMENT	1.14	122 MERRILL LYNCH AMER. INC. PTL	5.57	128 M&P FUND MANAGEMENT	7.26	242 M&P FUND MANAGEMENT	1.14	376 M&P FUND MANAGEMENT	1.14	510 M&P FUND MANAGEMENT	1.14	644 M&P FUND MANAGEMENT	1.14	778 M&P FUND MANAGEMENT	1.14	123 MERRILL LYNCH AMER. INC. PTL	5.57	129 M&P FUND MANAGEMENT	7.26	243 M&P FUND MANAGEMENT	1.14	377 M&P FUND MANAGEMENT	1.14	511 M&P FUND MANAGEMENT	1.14	645 M&P FUND MANAGEMENT	1.14	779 M&P FUND MANAGEMENT	1.14	124 MERRILL LYNCH AMER. INC. PTL	5.57	130 M&P FUND MANAGEMENT	7.26	244 M&P FUND MANAGEMENT	1.14	378 M&P FUND MANAGEMENT	1.14	512 M&P FUND MANAGEMENT	1.14	646 M&P FUND MANAGEMENT	1.14	780 M&P FUND MANAGEMENT	1.14	125 MERRILL LYNCH AMER. INC. PTL	5.57	131 M&P FUND MANAGEMENT	7.26	245 M&P FUND MANAGEMENT	1.14	379 M&P FUND MANAGEMENT	1.14	513 M&P FUND MANAGEMENT	1.14	647 M&P FUND MANAGEMENT	1.14	781 M&P FUND MANAGEMENT	1.14	126 MERRILL LYNCH AMER. INC. PTL	5.57	132 M&P FUND MANAGEMENT	7.26	246 M&P FUND MANAGEMENT	1.14	380 M&P FUND MANAGEMENT	1.14	514 M&P FUND MANAGEMENT	1.14	648 M&P FUND MANAGEMENT	1.14	782 M&P FUND MANAGEMENT	1.14	127 MERRILL LYNCH AMER. INC. PTL	5.57	133 M&P FUND MANAGEMENT	7.26	247 M&P FUND MANAGEMENT	1.14	381 M&P FUND MANAGEMENT	1.14	515 M&P FUND MANAGEMENT	1.14	649 M&P FUND MANAGEMENT	1.14	783 M&P FUND MANAGEMENT	1.14	128 MERRILL LYNCH AMER. INC. PTL	5.57	134 M&P FUND MANAGEMENT	7.26	248 M&P FUND MANAGEMENT	1.14	382 M&P FUND MANAGEMENT	1.14	516 M&P FUND MANAGEMENT	1.14	650 M&P FUND MANAGEMENT	1.14	784 M&P FUND MANAGEMENT	1.14	129 MERRILL LYNCH AMER. INC. PTL	5.57	135 M&P FUND MANAGEMENT	7.26	249 M&P FUND MANAGEMENT	1.14	383 M&P FUND MANAGEMENT	1.14	517 M&P FUND MANAGEMENT	1.14	651 M&P FUND MANAGEMENT	1.14	785 M&P FUND MANAGEMENT	1.14	130 MERRILL LYNCH AMER. INC. PTL	5.57	136 M&P FUND MANAGEMENT	7.26	250 M&P FUND MANAGEMENT	1.14	384 M&P FUND MANAGEMENT	1.14	518 M&P FUND MANAGEMENT	1.14	652 M&P FUND MANAGEMENT	1.14	786 M&P FUND MANAGEMENT	1.14	131 MERRILL LYNCH AMER. INC. PTL	5.57	137 M&P FUND MANAGEMENT	7.26	251 M&P FUND MANAGEMENT	1.14	385 M&P FUND MANAGEMENT	1.14	519 M&P FUND MANAGEMENT	1.14	653 M&P FUND MANAGEMENT	1.14	787 M&P FUND MANAGEMENT	1.14	132 MERRILL LYNCH AMER. INC. PTL	5.57	138 M&P FUND MANAGEMENT	7.26	252 M&P FUND MANAGEMENT	1.14	386 M&P FUND MANAGEMENT	1.14	520 M&P FUND MANAGEMENT	1.14	654 M&P FUND MANAGEMENT	1.14	788 M&P FUND MANAGEMENT	1.14	133 MERRILL LYNCH AMER. INC. PTL	5.57	139 M&P FUND MANAGEMENT	7.26	253 M&P FUND MANAGEMENT	1.14	387 M&P FUND MANAGEMENT	1.14	521 M&P FUND MANAGEMENT	1.14	655 M&P FUND MANAGEMENT	1.14	789 M&P FUND MANAGEMENT	1.14	134 MERRILL LYNCH AMER. INC. PTL	5.57	140 M&P FUND MANAGEMENT	7.26	254 M&P FUND MANAGEMENT	1.14	388 M&P FUND MANAGEMENT	1.14	522 M&P FUND MANAGEMENT	1.14	656 M&P FUND MANAGEMENT	1.14	790 M&P FUND MANAGEMENT	1.14	135 MERRILL LYNCH AMER. INC. PTL	5.57	141 M&P FUND MANAGEMENT	7.26	255 M&P FUND MANAGEMENT	1.14	389 M&P FUND MANAGEMENT	1.14	523 M&P FUND MANAGEMENT	1.14	657 M&P FUND MANAGEMENT	1.14	791 M&P FUND MANAGEMENT	1.14	136 MERRILL LYNCH AMER. INC. PTL	5.57	142 M&P FUND MANAGEMENT	7.26	256 M&P FUND MANAGEMENT	1.14	390 M&P FUND MANAGEMENT	1.14	524 M&P FUND MANAGEMENT	1.14	658 M&P FUND MANAGEMENT	1.14	792 M&P FUND MANAGEMENT	1.14	137 MERRILL LYNCH AMER. INC. PTL	5.57	143 M&P FUND MANAGEMENT	7.26	257 M&P FUND MANAGEMENT	1.14	391 M&P FUND MANAGEMENT	1.14	525 M&P FUND MANAGEMENT	1.14	659 M&P FUND MANAGEMENT	1.14	793 M&P FUND MANAGEMENT	1.14	138 MERRILL LYNCH AMER. INC. PTL	5.57	144 M&P FUND MANAGEMENT	7.26	258 M&P FUND MANAGEMENT	1.14	392 M&P FUND MANAGEMENT	1.14	526 M&P FUND MANAGEMENT	1.14	660 M&P FUND MANAGEMENT	1.14	794 M&P FUND MANAGEMENT	1.14	139 MERRILL LYNCH AMER. INC. PTL	5.57	145 M&P FUND MANAGEMENT	7.26	259 M&P FUND MANAGEMENT	1.14	393 M&P FUND MANAGEMENT	1.14	527 M&P FUND MANAGEMENT	1.14	661 M&P FUND MANAGEMENT	1.14	795 M&P FUND MANAGEMENT	1.14	140 MERRILL LYNCH AMER. INC. PTL	5.57	146 M&P FUND MANAGEMENT	7.26	260 M&P FUND MANAGEMENT	1.14	394 M&P FUND MANAGEMENT	1.14	528 M&P FUND MANAGEMENT	1.14	662 M&P FUND MANAGEMENT	1.14	796 M&P FUND MANAGEMENT	1.14	141 MERRILL LYNCH AMER. INC. PTL	5.57	147 M&P FUND MANAGEMENT	7.26	261 M&P FUND MANAGEMENT	1.14	395 M&P FUND MANAGEMENT	1.14	529 M&P FUND MANAGEMENT	1.14	663 M&P FUND MANAGEMENT	1.14	797 M&P FUND MANAGEMENT	1.14	142 MERRILL LYNCH AMER. INC. PTL	5.57	148 M&P FUND MANAGEMENT	7.26	262 M&P FUND MANAGEMENT	1.14	396 M&P FUND MANAGEMENT	1.14	530 M&P FUND MANAGEMENT	1.14	664 M&P FUND MANAGEMENT	1.14	798 M&P FUND MANAGEMENT	1.14	143 MERRILL LYNCH AMER. INC. PTL	5.57	149 M&P FUND MANAGEMENT	7.26	263 M&P FUND MANAGEMENT	1.14	397 M&P FUND MANAGEMENT	1.14	531 M&P FUND MANAGEMENT	1.14	665 M&P FUND MANAGEMENT	1.14	799 M&P FUND MANAGEMENT	1.14	144 MERRILL LYNCH AMER. INC. PTL	5.57	150 M&P FUND MANAGEMENT	7.26	264 M&P FUND MANAGEMENT	1.14	398 M&P FUND MANAGEMENT	1.14	532 M&P FUND MANAGEMENT	1.14	666 M&P FUND MANAGEMENT	1.14	800 M&P FUND MANAGEMENT	1.14	145 MERRILL LYNCH AMER. INC. PTL	5.57	151 M&P FUND MANAGEMENT	7.26	265 M&P FUND MANAGEMENT	1.14	399 M&P FUND MANAGEMENT	1.14	533 M&P FUND MANAGEMENT	1.14	667 M&P FUND MANAGEMENT	1.14	801 M&P FUND MANAGEMENT	1.14	146 MERRILL LYNCH AMER. INC. PTL	5.57	152 M&P FUND MANAGEMENT	7.26	266 M&P FUND MANAGEMENT	1.14	400 M&P FUND MANAGEMENT	1.14	534 M&P FUND MANAGEMENT	1.14	668 M&P FUND MANAGEMENT	1.14	802 M&P FUND MANAGEMENT	1.14	147 MERRILL LYNCH AMER. INC. PTL	5.57	153 M&P FUND MANAGEMENT	7.26	267 M&P FUND MANAGEMENT	1.14	401 M&P FUND MANAGEMENT	1.14	535 M&P FUND MANAGEMENT	1.14	669 M&P FUND MANAGEMENT	1.14	803 M&P FUND MANAGEMENT	1.14	148 MERRILL LYNCH AMER. INC. PTL	5.57	154 M&P FUND MANAGEMENT	7.26	268 M&P FUND MANAGEMENT	1.14	402 M&P FUND MANAGEMENT	1.14	536 M&P FUND MANAGEMENT	1.14	670 M&P FUND MANAGEMENT	1.14	804 M&P FUND MANAGEMENT	1.14	149 MERRILL LYNCH AMER. INC. PTL	5.57	155 M&P FUND MANAGEMENT	7.26	269 M&P FUND MANAGEMENT	1.14	403 M&P FUND MANAGEMENT	1.14	537 M&P FUND MANAGEMENT	1.14	671 M&P FUND MANAGEMENT	1.14	805 M&P FUND MANAGEMENT	1.14	150 MERRILL LYNCH AMER. INC. PTL	5.57	156 M&P FUND MANAGEMENT	7.26	270 M&P FUND MANAGEMENT	1.14	404 M&P FUND MANAGEMENT	1.14	538 M&P FUND MANAGEMENT	1.14	672 M&P FUND MANAGEMENT	1.14	806 M&P FUND MANAGEMENT	1.14	151 MERRILL LYNCH AMER. INC. PTL	5.57	157 M&P FUND MANAGEMENT	7.26	271 M&P FUND MANAGEMENT	1.14	405 M&P FUND MANAGEMENT	1.14	539 M&P FUND MANAGEMENT	1.14	673 M&P FUND MANAGEMENT	1.14	807 M&P FUND MANAGEMENT	1.14	152 MERRILL LYNCH AMER. INC. PTL	5.57	158 M&P FUND MANAGEMENT	7.26	272 M&P FUND MANAGEMENT	1.14	406 M&P FUND MANAGEMENT	1.14	540 M&P FUND MANAGEMENT	1.14	674 M&P FUND MANAGEMENT	1.14	808 M&P FUND MANAGEMENT	1.14	153 MERRILL LYNCH AMER. INC. PTL	5.57	159 M&P FUND MANAGEMENT	7.26	273 M&P FUND MANAGEMENT	1.14	407 M&P FUND MANAGEMENT	1.14	541 M&P FUND MANAGEMENT	1.14	675 M&P FUND MANAGEMENT	1.14	809 M&P FUND MANAGEMENT	1.14	154 MERRILL LYNCH AMER. INC. PTL	5.57	160 M&P FUND MANAGEMENT	7.26	274 M&P FUND MANAGEMENT	1.14	408 M&P FUND MANAGEMENT	1.14	542 M&P FUND MANAGEMENT	1.14	676 M&P FUND MANAGEMENT	1.14	810 M&P FUND MANAGEMENT	1.14	155 MERRILL LYNCH AMER. INC. PTL	5.57	161 M&P FUND MANAGEMENT	7.26	275 M&P FUND MANAGEMENT	1.14	409 M&P FUND MANAGEMENT	1.14	543 M&P FUND MANAGEMENT	1.14	677 M&P FUND MANAGEMENT	1.14	811 M&P FUND MANAGEMENT	1.14	156 MERRILL LYNCH AMER. INC. PTL	5.57	162 M&P FUND MANAGEMENT	7.26	276 M&P FUND MANAGEMENT	1.14	410 M&P FUND MANAGEMENT	1.14	544 M&P FUND MANAGEMENT	1.14	678 M&P FUND MANAGEMENT	1.14	812 M&P FUND MANAGEMENT	1.14	157 MERRILL LYNCH AMER. INC. PTL	5.57	163 M&P FUND MANAGEMENT	7.26	277 M&P FUND MANAGEMENT	1.14	411 M&P FUND MANAGEMENT	1.14	545 M&P FUND MANAGEMENT	1.14	679 M&P FUND MANAGEMENT	1.14	813 M&P FUND MANAGEMENT	1.14	158 MERRILL LYNCH AMER. INC. PTL	5.57	164 M&P FUND MANAGEMENT	7.26	278 M&P FUND MANAGEMENT	1.14	412 M&P FUND MANAGEMENT	1.14	546 M&P FUND MANAGEMENT	1.14	680 M&P FUND MANAGEMENT	1.14	814 M&P FUND MANAGEMENT	1.14	159 MERRILL LYNCH AMER. INC. PTL	5.57	165 M&P FUND MANAGEMENT	7.26	279 M&P FUND MANAGEMENT	1.14	413 M&P FUND MANAGEMENT	1.14	547 M&P FUND MANAGEMENT	1.14	681 M&P FUND MANAGEMENT	1.14	815 M&P FUND MANAGEMENT	1.14	160 MERRILL LYNCH AMER. INC. PTL	5.57	166 M
114 MERRILL LYNCH AMER. INC. PTL	5.57	120 M&P FUND MANAGEMENT	7.26	234 M&P FUND MANAGEMENT	1.14	368 M&P FUND MANAGEMENT	1.14	502 M&P FUND MANAGEMENT	1.14	636 M&P FUND MANAGEMENT	1.14	770 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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118 MERRILL LYNCH AMER. INC. PTL	5.57	124 M&P FUND MANAGEMENT	7.26	238 M&P FUND MANAGEMENT	1.14	372 M&P FUND MANAGEMENT	1.14	506 M&P FUND MANAGEMENT	1.14	640 M&P FUND MANAGEMENT	1.14	774 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
119 MERRILL LYNCH AMER. INC. PTL	5.57	125 M&P FUND MANAGEMENT	7.26	239 M&P FUND MANAGEMENT	1.14	373 M&P FUND MANAGEMENT	1.14	507 M&P FUND MANAGEMENT	1.14	641 M&P FUND MANAGEMENT	1.14	775 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
120 MERRILL LYNCH AMER. INC. PTL	5.57	126 M&P FUND MANAGEMENT	7.26	240 M&P FUND MANAGEMENT	1.14	374 M&P FUND MANAGEMENT	1.14	508 M&P FUND MANAGEMENT	1.14	642 M&P FUND MANAGEMENT	1.14	776 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
121 MERRILL LYNCH AMER. INC. PTL	5.57	127 M&P FUND MANAGEMENT	7.26	241 M&P FUND MANAGEMENT	1.14	375 M&P FUND MANAGEMENT	1.14	509 M&P FUND MANAGEMENT	1.14	643 M&P FUND MANAGEMENT	1.14	777 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
122 MERRILL LYNCH AMER. INC. PTL	5.57	128 M&P FUND MANAGEMENT	7.26	242 M&P FUND MANAGEMENT	1.14	376 M&P FUND MANAGEMENT	1.14	510 M&P FUND MANAGEMENT	1.14	644 M&P FUND MANAGEMENT	1.14	778 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
123 MERRILL LYNCH AMER. INC. PTL	5.57	129 M&P FUND MANAGEMENT	7.26	243 M&P FUND MANAGEMENT	1.14	377 M&P FUND MANAGEMENT	1.14	511 M&P FUND MANAGEMENT	1.14	645 M&P FUND MANAGEMENT	1.14	779 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
124 MERRILL LYNCH AMER. INC. PTL	5.57	130 M&P FUND MANAGEMENT	7.26	244 M&P FUND MANAGEMENT	1.14	378 M&P FUND MANAGEMENT	1.14	512 M&P FUND MANAGEMENT	1.14	646 M&P FUND MANAGEMENT	1.14	780 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
125 MERRILL LYNCH AMER. INC. PTL	5.57	131 M&P FUND MANAGEMENT	7.26	245 M&P FUND MANAGEMENT	1.14	379 M&P FUND MANAGEMENT	1.14	513 M&P FUND MANAGEMENT	1.14	647 M&P FUND MANAGEMENT	1.14	781 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
126 MERRILL LYNCH AMER. INC. PTL	5.57	132 M&P FUND MANAGEMENT	7.26	246 M&P FUND MANAGEMENT	1.14	380 M&P FUND MANAGEMENT	1.14	514 M&P FUND MANAGEMENT	1.14	648 M&P FUND MANAGEMENT	1.14	782 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
127 MERRILL LYNCH AMER. INC. PTL	5.57	133 M&P FUND MANAGEMENT	7.26	247 M&P FUND MANAGEMENT	1.14	381 M&P FUND MANAGEMENT	1.14	515 M&P FUND MANAGEMENT	1.14	649 M&P FUND MANAGEMENT	1.14	783 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
128 MERRILL LYNCH AMER. INC. PTL	5.57	134 M&P FUND MANAGEMENT	7.26	248 M&P FUND MANAGEMENT	1.14	382 M&P FUND MANAGEMENT	1.14	516 M&P FUND MANAGEMENT	1.14	650 M&P FUND MANAGEMENT	1.14	784 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
129 MERRILL LYNCH AMER. INC. PTL	5.57	135 M&P FUND MANAGEMENT	7.26	249 M&P FUND MANAGEMENT	1.14	383 M&P FUND MANAGEMENT	1.14	517 M&P FUND MANAGEMENT	1.14	651 M&P FUND MANAGEMENT	1.14	785 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
130 MERRILL LYNCH AMER. INC. PTL	5.57	136 M&P FUND MANAGEMENT	7.26	250 M&P FUND MANAGEMENT	1.14	384 M&P FUND MANAGEMENT	1.14	518 M&P FUND MANAGEMENT	1.14	652 M&P FUND MANAGEMENT	1.14	786 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
131 MERRILL LYNCH AMER. INC. PTL	5.57	137 M&P FUND MANAGEMENT	7.26	251 M&P FUND MANAGEMENT	1.14	385 M&P FUND MANAGEMENT	1.14	519 M&P FUND MANAGEMENT	1.14	653 M&P FUND MANAGEMENT	1.14	787 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
132 MERRILL LYNCH AMER. INC. PTL	5.57	138 M&P FUND MANAGEMENT	7.26	252 M&P FUND MANAGEMENT	1.14	386 M&P FUND MANAGEMENT	1.14	520 M&P FUND MANAGEMENT	1.14	654 M&P FUND MANAGEMENT	1.14	788 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
133 MERRILL LYNCH AMER. INC. PTL	5.57	139 M&P FUND MANAGEMENT	7.26	253 M&P FUND MANAGEMENT	1.14	387 M&P FUND MANAGEMENT	1.14	521 M&P FUND MANAGEMENT	1.14	655 M&P FUND MANAGEMENT	1.14	789 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
134 MERRILL LYNCH AMER. INC. PTL	5.57	140 M&P FUND MANAGEMENT	7.26	254 M&P FUND MANAGEMENT	1.14	388 M&P FUND MANAGEMENT	1.14	522 M&P FUND MANAGEMENT	1.14	656 M&P FUND MANAGEMENT	1.14	790 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
135 MERRILL LYNCH AMER. INC. PTL	5.57	141 M&P FUND MANAGEMENT	7.26	255 M&P FUND MANAGEMENT	1.14	389 M&P FUND MANAGEMENT	1.14	523 M&P FUND MANAGEMENT	1.14	657 M&P FUND MANAGEMENT	1.14	791 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
136 MERRILL LYNCH AMER. INC. PTL	5.57	142 M&P FUND MANAGEMENT	7.26	256 M&P FUND MANAGEMENT	1.14	390 M&P FUND MANAGEMENT	1.14	524 M&P FUND MANAGEMENT	1.14	658 M&P FUND MANAGEMENT	1.14	792 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
137 MERRILL LYNCH AMER. INC. PTL	5.57	143 M&P FUND MANAGEMENT	7.26	257 M&P FUND MANAGEMENT	1.14	391 M&P FUND MANAGEMENT	1.14	525 M&P FUND MANAGEMENT	1.14	659 M&P FUND MANAGEMENT	1.14	793 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
138 MERRILL LYNCH AMER. INC. PTL	5.57	144 M&P FUND MANAGEMENT	7.26	258 M&P FUND MANAGEMENT	1.14	392 M&P FUND MANAGEMENT	1.14	526 M&P FUND MANAGEMENT	1.14	660 M&P FUND MANAGEMENT	1.14	794 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
139 MERRILL LYNCH AMER. INC. PTL	5.57	145 M&P FUND MANAGEMENT	7.26	259 M&P FUND MANAGEMENT	1.14	393 M&P FUND MANAGEMENT	1.14	527 M&P FUND MANAGEMENT	1.14	661 M&P FUND MANAGEMENT	1.14	795 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
140 MERRILL LYNCH AMER. INC. PTL	5.57	146 M&P FUND MANAGEMENT	7.26	260 M&P FUND MANAGEMENT	1.14	394 M&P FUND MANAGEMENT	1.14	528 M&P FUND MANAGEMENT	1.14	662 M&P FUND MANAGEMENT	1.14	796 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
141 MERRILL LYNCH AMER. INC. PTL	5.57	147 M&P FUND MANAGEMENT	7.26	261 M&P FUND MANAGEMENT	1.14	395 M&P FUND MANAGEMENT	1.14	529 M&P FUND MANAGEMENT	1.14	663 M&P FUND MANAGEMENT	1.14	797 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
142 MERRILL LYNCH AMER. INC. PTL	5.57	148 M&P FUND MANAGEMENT	7.26	262 M&P FUND MANAGEMENT	1.14	396 M&P FUND MANAGEMENT	1.14	530 M&P FUND MANAGEMENT	1.14	664 M&P FUND MANAGEMENT	1.14	798 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
143 MERRILL LYNCH AMER. INC. PTL	5.57	149 M&P FUND MANAGEMENT	7.26	263 M&P FUND MANAGEMENT	1.14	397 M&P FUND MANAGEMENT	1.14	531 M&P FUND MANAGEMENT	1.14	665 M&P FUND MANAGEMENT	1.14	799 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
144 MERRILL LYNCH AMER. INC. PTL	5.57	150 M&P FUND MANAGEMENT	7.26	264 M&P FUND MANAGEMENT	1.14	398 M&P FUND MANAGEMENT	1.14	532 M&P FUND MANAGEMENT	1.14	666 M&P FUND MANAGEMENT	1.14	800 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
145 MERRILL LYNCH AMER. INC. PTL	5.57	151 M&P FUND MANAGEMENT	7.26	265 M&P FUND MANAGEMENT	1.14	399 M&P FUND MANAGEMENT	1.14	533 M&P FUND MANAGEMENT	1.14	667 M&P FUND MANAGEMENT	1.14	801 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
146 MERRILL LYNCH AMER. INC. PTL	5.57	152 M&P FUND MANAGEMENT	7.26	266 M&P FUND MANAGEMENT	1.14	400 M&P FUND MANAGEMENT	1.14	534 M&P FUND MANAGEMENT	1.14	668 M&P FUND MANAGEMENT	1.14	802 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
147 MERRILL LYNCH AMER. INC. PTL	5.57	153 M&P FUND MANAGEMENT	7.26	267 M&P FUND MANAGEMENT	1.14	401 M&P FUND MANAGEMENT	1.14	535 M&P FUND MANAGEMENT	1.14	669 M&P FUND MANAGEMENT	1.14	803 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
148 MERRILL LYNCH AMER. INC. PTL	5.57	154 M&P FUND MANAGEMENT	7.26	268 M&P FUND MANAGEMENT	1.14	402 M&P FUND MANAGEMENT	1.14	536 M&P FUND MANAGEMENT	1.14	670 M&P FUND MANAGEMENT	1.14	804 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
149 MERRILL LYNCH AMER. INC. PTL	5.57	155 M&P FUND MANAGEMENT	7.26	269 M&P FUND MANAGEMENT	1.14	403 M&P FUND MANAGEMENT	1.14	537 M&P FUND MANAGEMENT	1.14	671 M&P FUND MANAGEMENT	1.14	805 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
150 MERRILL LYNCH AMER. INC. PTL	5.57	156 M&P FUND MANAGEMENT	7.26	270 M&P FUND MANAGEMENT	1.14	404 M&P FUND MANAGEMENT	1.14	538 M&P FUND MANAGEMENT	1.14	672 M&P FUND MANAGEMENT	1.14	806 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
151 MERRILL LYNCH AMER. INC. PTL	5.57	157 M&P FUND MANAGEMENT	7.26	271 M&P FUND MANAGEMENT	1.14	405 M&P FUND MANAGEMENT	1.14	539 M&P FUND MANAGEMENT	1.14	673 M&P FUND MANAGEMENT	1.14	807 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
152 MERRILL LYNCH AMER. INC. PTL	5.57	158 M&P FUND MANAGEMENT	7.26	272 M&P FUND MANAGEMENT	1.14	406 M&P FUND MANAGEMENT	1.14	540 M&P FUND MANAGEMENT	1.14	674 M&P FUND MANAGEMENT	1.14	808 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
153 MERRILL LYNCH AMER. INC. PTL	5.57	159 M&P FUND MANAGEMENT	7.26	273 M&P FUND MANAGEMENT	1.14	407 M&P FUND MANAGEMENT	1.14	541 M&P FUND MANAGEMENT	1.14	675 M&P FUND MANAGEMENT	1.14	809 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
154 MERRILL LYNCH AMER. INC. PTL	5.57	160 M&P FUND MANAGEMENT	7.26	274 M&P FUND MANAGEMENT	1.14	408 M&P FUND MANAGEMENT	1.14	542 M&P FUND MANAGEMENT	1.14	676 M&P FUND MANAGEMENT	1.14	810 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
155 MERRILL LYNCH AMER. INC. PTL	5.57	161 M&P FUND MANAGEMENT	7.26	275 M&P FUND MANAGEMENT	1.14	409 M&P FUND MANAGEMENT	1.14	543 M&P FUND MANAGEMENT	1.14	677 M&P FUND MANAGEMENT	1.14	811 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
156 MERRILL LYNCH AMER. INC. PTL	5.57	162 M&P FUND MANAGEMENT	7.26	276 M&P FUND MANAGEMENT	1.14	410 M&P FUND MANAGEMENT	1.14	544 M&P FUND MANAGEMENT	1.14	678 M&P FUND MANAGEMENT	1.14	812 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
157 MERRILL LYNCH AMER. INC. PTL	5.57	163 M&P FUND MANAGEMENT	7.26	277 M&P FUND MANAGEMENT	1.14	411 M&P FUND MANAGEMENT	1.14	545 M&P FUND MANAGEMENT	1.14	679 M&P FUND MANAGEMENT	1.14	813 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
158 MERRILL LYNCH AMER. INC. PTL	5.57	164 M&P FUND MANAGEMENT	7.26	278 M&P FUND MANAGEMENT	1.14	412 M&P FUND MANAGEMENT	1.14	546 M&P FUND MANAGEMENT	1.14	680 M&P FUND MANAGEMENT	1.14	814 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
159 MERRILL LYNCH AMER. INC. PTL	5.57	165 M&P FUND MANAGEMENT	7.26	279 M&P FUND MANAGEMENT	1.14	413 M&P FUND MANAGEMENT	1.14	547 M&P FUND MANAGEMENT	1.14	681 M&P FUND MANAGEMENT	1.14	815 M&P FUND MANAGEMENT	1.14																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
160 MERRILL LYNCH AMER. INC. PTL	5.57	166 M																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					

POSTCARD

Realities of Paris

By Craig R. Whitney
New York Times Service

PARIS — Paris always has loomed large in the American imagination: Thomas Jefferson, Henry James, Ernest Hemingway and James Baldwin all fell under its spell.

Myth and countermysth have all illuminated and obscured the historical reality of the city through the centuries, says Patricia Higonnet, a French-born Harvard professor who has devoted a lecture series to the subject this year at the College de France.

This prestigious institution has been constructing and deconstructing myths since 1530, and this year one of its vast renovated lecture halls, next to the Sorbonne, has been filling Thursday afternoons with Parisians who come to hear Higonnet explain how the idea of Paris has changed over the years.

Hemingway and his friends in the "lost generation" were truly lost in Paris, he says. They did not speak French and were not interested in the art or culture of the people around them. "For Hemingway and most of his friends, Paris was one long binge, all the more enjoyable because it wasn't very expensive," he said.

Americans may go to Europe to be Americanized, as Ralph Waldo Emerson put it more than a century ago. But Higonnet, whose father was French and his mother French and Hungarian, often comes to Paris to renew his French roots. He was born here 60 years ago but has taught at Harvard since getting his doctorate there in 1964.

The College de France invites some of the finest students of Europe to do research and then share their findings in lectures and seminars that are open to the public.

"Essentially, the audience here is retired people who have an interest in culture," Higonnet said. "But there are also students, and colleagues who are professors. You can't say stupid things, but it's impossible to satisfy everybody in the audience."

Much of what this specialist in 18th-century French history has to say sounds almost new. Think of the Louvre, for example, as the royal palace of French kings and he will remind you that Louis XIV, the greatest of them all, could not tolerate Paris and did not consider it the French capital at all. For the Sun King, that was the vast palace he built in Versailles, from which he ventured forth to Paris only 24 times in 44 years.

Think of Paris as Notre Dame, and his lectures tell you that the Enlightenment considered Medieval Paris filthy and barbaric, and the Cathedral a monstrosity. Desecrated by the Revolution, Notre Dame de Paris nearly fell to ruins before Victor Hugo took up its cause and helped to save it in the late 19th century — as the centerpiece of a new myth, "le vieux Paris."

That myth took root only after the Second Empire Prefect Baron Georges Eugene Haussmann pierced wide boulevards through the Quarter Latin and other crowded ancient neighborhoods to create the Paris that so many people so love today.

Higonnet's latest book, "Goodness Beyond Virtue," is about the Jacobin movement during the Revolution, and after his last lecture April 15, he said, he planned to write another book about the Revolution. But, shattering the myth that all the French are natural-born chefs, he said, "I'm going to cooking school as soon as this is over."

Bringing to Life a 5-Year-Old Malcontent

By Jesse McKinley
New York Times Service

NEW YORK — In a Broadway season packed with Electra, the Lomans and other gloomy characters, the true master of existential angst just may be a 5-year-old cartoon malcontent by the name of Sally Brown.

"I was jumping rope, everything seemed fine," says Sally, in a martini-dry deadpan. "And suddenly, it all seemed so futile."

The actress responsible for Sally's delectable depression is Kristin Chenoweth, a diminutive 28-year-old who has been receiving some of the season's best reviews as Charlie Brown's kid sister in the revival of "You're a Good Man, Charlie Brown," playing at the Ambassador Theater on Broadway.

One of the reviewers, Ben Brantley of The New York Times, said that Chenoweth was giving "one of those break-out performances that send careers skyward." John Simon, the theater critic for New York magazine, called her performance "perfection."

All of which, Chenoweth said, took her by surprise. "The word shock is an understatement," she said of the aftermath of opening night. "I got a phone call at about 3 that morning from a friend in California, and he was screaming, 'You haven't read the reviews?' I said, 'No.' He said, 'You need to read them.'"

Since then, Chenoweth has been sought after by casting directors, film studio executives and Broadway producers.

The reviews and subsequent attention have made her happy, but Chenoweth said her initial reaction was mixed because the musical received less positive notices than she did. "It really could have been horrendous to be singled out," she said. "I just didn't want anyone else to hurt."

But her collaborators on the show say Chenoweth's appeal in the role was evident even before it came to Broadway, when it was on

a tryout run in four cities. "We were on the bus in Skokie, and she was flooring all of us," said Michael Mayer, the musical's director. "It was so clear to everyone that she was going to be a major player."

A player is probably not the first thing that would come to mind when meeting Chenoweth. Just under five feet tall, she has blue eyes, blond hair and a smile that could charm a pit bull. "I sort of view this job like a playground for me," she said. "I just play."

An Oklahoma native with vestiges of a Southern accent, Chenoweth has had a life colored by a wide spectrum of all-American experiences, from her early dreams of being a Nashville music star to a stint as a beauty queen contestant.

Her favorite leisure activity is shopping, she said, preferably in malls. Her first serious boyfriend was a professional baseball player. "I think he thought this was going to be a hobby," she said of her theater career.

She delicately sidesteps the trappings of young divahood. She doesn't especially like fancy restaurants, she said, preferring fast food. "I like places where the food's ready when you walk in," she said.

Her dressing room holds an array of high kitsch, ranging from a set of Sally Christmas lights to a small futon adorned with Barbie sheets, a gift from her cast mate, B.D. Wong, who plays Linus.

This all might make her easy to pigeonhole as a Kewpie doll, except that her colleagues also point to an enormous talent and uncanny comic timing.

"There is so much more than meets the eye," Wong said. "I think because of the way she looks, people think A, she's dumb and B, she doesn't know what she's doing up there. But it's not a coincidence what's happening up there. She's a smart, smart performer."

Chenoweth's New York debut came in early 1997 as a tear-prone princess in Moliere's "Scapin,"



Kristin Chenoweth signing autographs outside the theater.

with Bill Irwin at the Roundabout's Laura Pels Theater. Several critics noted her comic timing, a talent she said she developed partly because of Irwin.

"Bill Irwin kind of taught me how to act," she said. "I'd had acting classes, but the main teaching came through that experience."

In 1998 Mayer cast Chenoweth in "Charlie Brown," but not as Sally. The character didn't exist in the original version of the musical: Chenoweth was to play Peppermint Patty. But the more Mayer looked at Chenoweth, he said, the more he wanted to do something new.

So Mayer, with the blessing of Charles M. Schulz, the creator of the "Peanuts" comic strip on which the musical is based, discarded Patty and brought the character of Sally to the stage by culling

dialogue from hundreds of Schulz's strips. He had Chenoweth in mind, and she was an easy fit. "Kristin's got this comic ruthlessness," he said, adding: "She's just one of those performers who'll stop at nothing to make it work."

Chenoweth's first taste of performance came singing as a child in her hometown church in Broken Arrow, Oklahoma, a Tulsa suburb. Raised as a Southern Baptist, she still attends church regularly.

She said her parents, "a chemical engineer and a domestic goddess," were surprised by her early talents. "I came from a family of intellectual beings," she said. "And then there's me."

Her childhood idols were female vocalists, ranging from Judy Garland and Julie Andrews to Dolly Parton and the gospel singer Sandi

PEOPLE

THE singer Faith Hill led the nominees for Academy of Country Music Awards with six nominations, including one for the duet "Just to Hear You Say That You Love Me" with her husband, Tim McGraw. Garth Brooks, Brooks & Dunn and Steve Wariner received four nominations each. Brooks, McGraw, George Strait, Shania Twain and Brooks & Dunn are vying for the coveted entertainer of the year award. The awards will be presented May 5 on a CBS broadcast from Universal City, California.

George Jones, critically injured in a traffic accident, has made good improvement and may soon be able to breathe without a ventilator. "He still has a life-threatening injury, but everyone is encouraged by how well he has done since his accident," said a spokesman for Vanderbilt University Medical Center in Nashville, Tennessee. The 67-year-old country music legend is still in critical condition, however. Jones smashed his sport-utility vehicle into a bridge near his

home over the weekend. He was talking on his cell phone at the time and wasn't wearing a seat belt, the authorities said.

A judge has ordered Los Angeles Magazine to pay Dustin Hoffman \$270,000 in legal fees, part of what the actor spent suing the publication. A federal

judge in Los Angeles ruled that Hoffman should be compensated for the cost of filing a suit against the magazine, which ran a computer-generated photo of him in a dress and high heels. Hoffman's attorney, Charles Shepherd, had asked for \$415,000 but said he was pleased with the ruling. In January, the judge ordered the magazine to pay Hoffman

\$1.5 million in compensatory damages and \$1.5 million in punitive damages.

The pop singer Cher went to Stockholm on Monday to pick up the "Rockbjörnen" music prize for best foreign pop song in 1998, which was awarded by readers of Aftonbladet newspaper. Cher won the award for "Believe," which has topped the charts in 21 countries. Madonna was named best foreign artist and her "Ray of Light" was named best foreign CD, but she did not turn up in Stockholm to collect.

There is no evidence that Tommy Lee violated probation by drinking alcohol, as reported by the New York Post, a judge has ruled, but he gave the Molley Crue drummer a stern warning. Lawrence Mira, a municipal judge in Malibu, California, stressed that during his three-year probation Lee was not even to enter a place where alcohol is sold and warned him that another mistake could send him to prison for three years.



SETTING OFF — David Hempelman-Adams starting his attempt Tuesday at an unsupported, solo walk from Eureka, Alaska, to the North Pole.

Awards by National Book Critics Circle

New York Times Service

NEW YORK — "We Wish to Inform You That Tomorrow We Will Be Killed With Our Families," Philip Gourevitch's account of the 1994 massacres in Rwanda, has been named the best nonfiction book of last year by the National Book Critics Circle.

The winner in fiction was Alice Munro's "The Love of a Good Woman," a collection of eight short stories, and the winner in biography was "A Beautiful Mind" by Sylvia Nasar. It is a biography of John Forbes Nash Jr., a mathematical genius who laid the foundations for modern game theory that influenced mathematics, economics and eventually Cold War strategic thinking about nuclear weapons.

The award for poetry was given to Marie Perle's "The Bird Catcher," and the award for criticism went to Gary Giddins's "Visions of Jazz: The First Century."

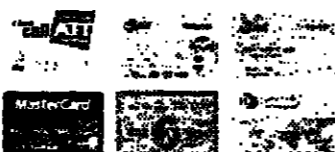


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